EUROPE'S BUSINESS NEWSPAPER

# FINANCIAL TIMES

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VIEWPOINT

Prime ministers: a case for fixed terms

Page 19

## World News

### Milken given ten years imprisonment for fraud

Michael Milken, former head of the junk bond department at Drexel Burnham Lambert, was sentenced to 10 years' imprisonment, plus a further three years' probation, in one of the toughest penalties ever passed for securities industry fraud. Page 20

**'New era' of peace**

Thirty-four heads of state from Europe and North America inaugurated "a new era of democracy, peace and unity in Europe", by formally signing the Paris Charter on human rights. Page 3; Editorial Comment, Page 18

**New Indian cabinet**

Prime Minister Shekhar of India ended an 11-day political vacuum in New Delhi by appointing 32 ministers to his government. Ministries had been without real leadership for almost a month. Page 20

**Flight 103 claim**

A former Central Intelligence Agency official said the US is "very close" to getting indictments against terrorists who blew up Pan Am flight 103 over Scotland in December 1988.

**Yeltsin poll demand**

Boris Yeltsin, leader of the Russian republic, challenged President Gorbachev to hold a referendum on his bid for new presidential powers. Page 20

**El Salvador attack**

Hundreds of rebel fighters attacked more than a dozen military positions in El Salvador, leaving at least 27 people dead and 141 wounded.

**Atlantis' touchdown**

The US space agency's last secret shuttle flight landed smoothly in Florida after ferocious winds forced the craft to switch from its usual landing site in California.

**Thai PM may quit**

Tension between Thailand's military and the elected government intensified with Gen Choonhavan, the prime minister, widely believed to be preparing to resign. Page 6

**Resort aircraft crash**

Thirty-seven people, many of them tourists, were feared killed when their aircraft crashed on approach to the Thai resort island of Koh Samui. Page 6

**Oil workers killed**

An Mi-8 helicopter ferrying oil workers crashed in the Soviet central Asian republic of Turkmenia, killing 15 of 16 people aboard.

**Threat to Olympics**

Basque terrorists planned to attack targets associated with the 1992 Olympic Games in Barcelona, a Spanish newspaper reported. Police uncovered the plot after arresting four suspected members of radical separatist group Eta.

**Peace pact rescued**

Lebanon's strongest Christian militia, the 10,000-strong Lebanese Forces, agreed to surrender its Beirut stronghold, rescuing a Syrian-backed drive to end 15 years of civil war.

**Ethiopian appeal**

Addis Ababa asked for more than 800,000 tons of emergency food for an estimated 4.3m people threatened with famine.

**Tyminski in running**

A new poll put Stanislaw Tyminski in second place in Sunday's presidential poll, behind Solidarity leader Lech Walesa and ahead of the prime minister.

**High-priced Mozart**

Otto Haas, a London dealership, equalled the record for a music manuscript by paying £800,000 ($1.6m) for Mozart's Fantasia and Sonata in C Minor.

## Business Summary

### Japan's top 12 banks suffer 39% profits slide

Twelve leading Japanese city (commercial) banks suffered 39.4 per cent fall in combined interim pre-tax profits due to increases in interest rates and the plunge in the Japanese stock market.

It is the banks' first decline in interim pre-tax profits since the first half of 1979. Page 21

**EUROPEAN** Community member states formally adopted an infrastructure programme worth Ecu60m ($83.4m) this year and Ecu118m in 1991 which will support major projects with a clear European dimension. Page 3

**SUEZ** Canal revenues could drop by as much as 25 per cent if war erupts in the Gulf, Mr Ezzat Adel, chairman of the Suez Canal Authority warned. Page 8

**ANSALDO** of Italy and Siemens of Germany took their recently agreed partnership in power plant manufacturing a stage further by linking up their separate joint ventures in the Soviet Union. Page 8

**FRANCE** temporarily suspended threats to toughen enforcement of import regulations on US food in recognition of Washington's decision to allow free access for Beaujolais Nouveau after a nine-month dispute over discovery of fungicide in exports of some French wine. Page 8

**BRITISH** Petroleum hopes to announce an agreement soon on oil and gas exploration and production with the Soviet Union, Robert Horton, chairman, said. Page 8

**EUROPEAN** Commission announced an investigation into claims by the International Committee of Rayon and Synthetic Fibres that synthetic polyester fibres from India and South Korea are being dumped in the EC. Page 8; MEPs urge fairer EC anti-dumping policies, Page 8

**NESTLE**, world's largest foods group, expects profits to fall following unfavourable currency developments, with sales showing a slight decline from the SFr48bn ($38.4bn) posted in 1989. Page 21

**RENAULT** and Volvo are to step up competition against Volkswagen of Germany by taking a substantial equity stake in Skoda, Czechoslovak car maker. Page 22

**GEC ALSTHOM**, Franco-British engineering group, is to acquire a majority stake in the railway equipment business of Fiat of Italy as part of a recently announced share swap agreement between Fiat and Compagnie Générale d'Electricité of France. Page 24

**ORIX**, Japan's largest leasing company, posted a 4.4 per cent rise in consolidated pre-tax profits to Y21.71bn ($168.4m) for the first half to September from Y20.8bn a year earlier. Revenue surged 55.9 per cent to Y214.06bn from Y137.32bn. Page 23

**KOMATSU**, Japanese construction machinery manufacturer, saw consolidated results for the first half to end-September rise 58.9 per cent, with an increase in pre-tax profit to Y27.2bn ($211m) on strong orders from the domestic construction industry. Page 23

**SONY**, Japanese consumer electronics group, announced 60.5 per cent increase in first-half pre-tax profits to Y66.6bn ($516.6m) to end-September, as sales of video and audio equipment increased significantly in foreign and domestic markets. Page 23

**CHINA**'s biggest foreign exchange organisation has been set up in the Shenzhen Special Economic Zone (SEZ) near Hong Kong and includes branches from 16 foreign banks, one foreign insurance company, a joint-venture financial firm and 17 Chinese state-owned institutions. Page 25

Michael Heseltine, outside his London home, and Margaret Thatcher leaving for parliament yesterday

# Thatcher defies calls to quit

By Philip Stephens, Political Editor, in London

MRS Margaret Thatcher, Britain's prime minister, yesterday defied calls to stand down from her leadership battle with Mr Michael Heseltine, former defence secretary, pledging to "fight to win" in next Tuesday's ballot.

But as ministers voiced fears that the Conservative party faced the prospect of civil war, the prime minister appeared to concede the grave threat to her position by indicating that she was ready to overhaul the poll tax, the new local tax to pay for amenities and services.

After a day of drama and intrigue at Westminister, she announced that Mr John Major, chancellor of the exchequer, and Mr Douglas Hurd, foreign secretary, would again sponsor her candidacy. Both ministers would have preferred her to stand down, but neither was prepared to resign from the cabinet to challenge her directly.

In an effort to regain the initiative, Mrs Thatcher told colleagues that she was ready to announce concessions on the tax to meet the clamour from Tory MPs who fear that it could wreck their chances at the next general election.

Mr Heseltine, who was yesterday predicting that he would defeat Mrs Thatcher in the second round of the contest, has won strong support from MPs by making a pledge to link the tax to incomes a centrepiece of his campaign.

His supporters were claiming that they were already well on the way to persuading the 18 MPs they need to defect from Mrs Thatcher if Mr Heseltine is to beat her in the second round. Mr Heseltine also needs to attract the support of the 16 MPs who abstained in Tuesday's vote.

It is understood that the possibility of further fundamental changes to the poll tax has been discussed informally by Mrs Thatcher with her senior ministers. But they were uncertain whether the prime minister would use the promise as part of her campaign against Mr Heseltine.

The government undertook a full review of the tax earlier this year and Mrs Thatcher indicated earlier this month that she was against further moves until the changes had come into effect next April. Her decision to reverse that stance was seen as a clear acknowledgement of the gravity of the threat to her leadership.

She moved to strengthen her support in the second round of balloting by announcing a new team of campaign managers to canvass on her behalf. Amid recriminations about the conduct of the campaign for the first ballot, she appointed Mr John Wakeham to replace Mr George Younger.

In an attempt to revive her flagging support among her own cabinet colleagues, she also met each of them individually to persuade them that she could reunite the party under her leadership if they helped her to defeat Mr Heseltine.

Many were unconvinced, with at least one senior minister arguing that she would lose to Mr Heseltine and, in the process, split the party irrevocably. Few, however, are thought to have passed directly to the prime minister the private view of a majority in the cabinet that she should stand down.

Mrs Thatcher returned yesterday from the European Security summit in Paris to a barrage of speculation at Westminster that she would be forced to resign as a result of her failure to defeat Mr Heseltine in the first round of balloting.

With the mood among Tory MPs at Westminster shifting visibly away from support for Mrs Thatcher, many of her senior ministers privately voiced hopes that she would withdraw from the contest as the only way of restoring its battered unity.

In a series of emergency meetings in Downing Street,

Continued on Page 20

Challenge to Thatcher, Pages 12,13; Lex, Page 20; Markets, Section II

# Not a chink in the Iron Lady's armour

By Ivo Dawnay, Political Correspondent, in London

NOT a hairline crack showed through, nor a chink in her armour-plated self-confidence.

Cool, businesslike, firm on ideology and stern as ever with critics, Mrs Margaret Thatcher returned to the despatch box yesterday as unmovable as a lighthouse in a Force Nine gale.

To say it was an impressive performance would only be true if it were out of character. It was typical. Mrs Thatcher was merely being herself.

As the bulk of the Tory party was yesterday mourning a death foretold, its combative leader was doing nothing of the kind.

Many had toyed with the improbable notion that the prime minister might use her post-summit statement as an opportunity to bow gracefully out of the Tory leadership battle.

Others had pondered over whether she could seize the chance to launch a new fight back against her opponents, now behind as well as in front of her. She did neither.

Little expression crossed her face as the chamber of the Commons exploded on her entry. And by the time she came to rise and read her statement, it was abundantly clear that the prime minister was intent on business as usual.

It was hard to remember that little less than three weeks ago, the Right Honourable Member for Finchley roundly attacked her Italian hosts at the Rome EC summit as "outrageous". That a day later, she provoked a storm in the Commons by abandoning her brief and laying in, once again, to her European partners.

That this action provoked the resignation of her deputy prime minister with a speech imbued with a degree of personal savagery not heard in the Commons for a generation.

That the stone she dislodged turned into a fullblown avalanche and her most dangerous challenger ran her close and is coming back for more.

And that, only minutes earlier, party leaders had, in all probability, warned her that her power was seeping away.

Mrs Thatcher's capacity to *brush aside knockout blows* was remarked on only yesterday morning by George Bush.

Searching for words, the president expressed amazement at her "fibre and steel". Commenting on her decision the night before to go to the ballet at Versailles, he said:

Continued on Page 20

# Bush due to meet Assad in Geneva for talks on Gulf crisis

By Peter Riddell, US Editor, in Jeddah

US President George Bush will meet President Hafez al-Assad of Syria in Geneva late tomorrow to discuss the Gulf crisis as the US seeks to strengthen the isolation of Iraq at the United Nations.

The hastily arranged meeting was announced as Mr Bush arrived in Saudi Arabia from Paris for a full ceremonial welcome from King Fahd.

Following discussions in Jeddah with the exiled Emir of Kuwait, Mr Bush said: "All options remain open and steps need to be taken right now to make these options credible."

He made clear this referred to the US attempt to secure early approval, probably next week, of a further UN Security Council resolution which may authorise military action to force Iraq out of Kuwait.

Mr Bush disclosed that hearings would be held at the UN early next week to hear evidence of "atrocities" committed by Iraqi forces in Kuwait, in the hope of intensifying international criticism.

The White House said the two-hour meeting with Mr Assad was arranged at the urging of other Arab leaders, including President Hosni Mubarak of Egypt. Syria has sent nearly 5,000 soldiers to Saudi Arabia.

Syria is still on the State Department's list of countries suspected of sponsoring terrorism, but Mr Bush said he had no problem sitting down with "the coalition partner to talk about common objectives in the Gulf."

Earlier contacts between senior US officials and Syria – notably a visit two months ago by Mr James Baker, US secretary of state – have been strongly criticised by Israel and its American supporters.

Mr Marlin Fitzwater, the White House spokesman, said last night that the meeting did not "imply any change in our overall relations."

Nonetheless, the Geneva talks – as Mr Bush returns to the US from his eight-day trip to Europe and the Middle East – *shows how far relations* between Washington and some Arab countries have been changed by the Gulf crisis.

The Geneva talks will cover the American hostages in Lebanon and terrorism as well as the Gulf.

Surprise as Bush decides to meet Syrian leader, Page 6

# Guinness launches £533m cash bid for Spain's largest brewer

By Philip Rawstorne in London

GUINNESS yesterday launched an agreed £533m ($1.04bn) cash bid for Cruz del Campo, Spain's largest brewer. The deal will be the biggest overseas investment yet made in Spain and will give the UK-based drinks group a strategic base in one of Europe's fastest-growing beer markets.

Cruzcampo is Spain's most profitable brewer with 22 per cent of the market. Last year it made pre-tax profits of £58m on turnover of £237m.

The offer follows months of negotiations in which Guinness initially faced strong competition from other international brewers, including Heineken, Carlsberg, and Asahi of Japan.

The acquisition will lift Guinness from 17th in the league of world brewers to 12th in volume terms, and from sixth to fourth in terms of operating profits.

Guinness has reached agreement with Cruzcampo's leading shareholders, including Stroh, the US brewer which owns 28 per cent, for the acquisition of more than 50 per cent of the group's shares. This is subject to the approval of a shareholders' meeting next month, after which a recommended offer will be made for the remaining shares.

Guinness will pay £500m for Cruzcampo. Buying out minority interests in some of the group's subsidiaries will add another £33m to the bill, which will be funded out of existing cash deposits and borrowing facilities.

The gross payment of £533m will be partly offset, however, by the acquisition of Cruzcampo's own cash balances of some £63m.

Mr Brian Baldock, head of Guinness Brewing Worldwide, said yesterday that the move was in line with the group's strategy of expanding internationally, market by market.

Last year, it set up joint ventures with Heineken in Malaysia and Singapore, and earlier this year strengthened its position in the US with the acquisition of All Brand Importers.

"The world beer market is actually a series of regional markets," Mr Baldock said. "Spain is one of the fastest growing – with consumption rising at 4 per cent a year – and one of the most profitable. Cruzcampo gives us a profitable base from which to grow inside what is now the second-largest market in continental Europe."

He added: "There is an opportunity to expand there with Cruzcampo's brands, and to introduce other brands where appropriate."

Guinness has been reducing its reliance on stout. Five years ago, stout represented 80 per cent of its volume sales. Now it is only 60 per cent, and the Cruzcampo deal will cut it to 40 per cent.

Other overseas brewers are already well represented in Spain.

Heineken owns 51 per cent of El Aguila, the second-largest Spanish brewery; BSN of France has a 33 per cent stake in Mahou, the number four; and Carlsberg has 60 per cent of Union Cervecera, which is ranked sixth.

Lex, Page 20; Spanish ayes, Page 28

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**Propelled towards victory by the tide of history**

Helmut Kohl seems certain of victory in the German elections. But sceptics are asking whether the basic democratic principles which marked the post-war Federal Republic may be in danger of weakening. Page 2

## MARKETS

**STERLING**
**New York lunchtime:**
$1.9703
**London:**
$1.9685 (1.97)
DM2.9175 (2.91)
FFr9.8425 (9.815)
SFr2.4625 (2.4575)
Y251.25 (254.0)
£ Index 94.0 (94.2)

**GOLD**
**New York:** Comex Dec
$379.8
**London:**
$378.5 (378.0)

**N SEA OIL** (Argus)
Brent Jan
$29.325 (28.60)

Chief price changes yesterday: Page 25

**DOLLAR**
**Tokyo open:**
**New York lunchtime:**
DM1.48045
FFr4.9955
SFr1.2493
Y127.50
**London:**
DM1.4815 (1.477)
FFr5.0000 (4.9825)
SFr1.2515 (1.247)
Y127.60 (128.9)
$ Index 59.8 (60.0)
**Tokyo close:** Y127.68

**US lunchtime rates**
Fed Funds $7\frac{1}{2}$%
**3-mo Treasury Bills:**
yield: 7.234%
**Long Bond:**
$103\frac{1}{2}$
yield: 8.43%

**STOCK INDICES**
**FT-SE 100:**
2,126.3 (+11.1)
**FT Ordinary:**
1,676.0 (+8.9)
**FT-A All-Share:**
1,022.31 (+0.5%)
**New York lunchtime:**
DJ Ind. Av.
2,513.12 (−17.08)
S&P Comp
312.84 (−2.47)
**Tokyo:** Nikkei
22,816.99 (−388.49)

**LONDON MONEY**
**3-month interbank:**
closing $13\frac{21}{32}$% ($13\frac{?}{16}$)
**Liffe long gilt future:**
$85\frac{29}{32}$ ($84\frac{7}{16}$)

EUROPEAN NEWS

# The tide of history propels Kohl forward

**David Marsh** reports from Bonn that the simple but compelling theme of German unification has given the Chancellor and the ruling CDU an irresistible momentum for an apparently unbeatable campaign in next month's general election

THE GERMAN general election on December 2 appears boundless in its import – and mindless in its vacuity. In the first free election for a united German parliament since 1932, Chancellor Helmut Kohl is coasting to victory.

Mr Kohl is secure in his instincts – even if the way that he expresses them seldom rises above the banal. The new-found emotions of a country at last re-united provide the Chancellor with irresistible momentum for an unbeatable campaign.

In the whirlwind of reunification, German politics have suddenly become a great deal less plodding.

But sceptics are asking whether, along the way, some of the attachment to basic democratic principles which marked the post-war Federal Republic may be in danger of weakening.

"The Christian Democratic Union (CDU) is being carried along by historical pathos", says Prof Elisabeth Noelle-Neumann, head of the Allensbach opinion research institute, doyenne of German pollsters, and a sturdy supporter of Mr Kohl.

Allensbach surveys currently give the Chancellor's CDU, together with the Bavarian Christian Social Union, 43 per cent of the vote compared with 31 per cent for Mr Oskar Lafontaine's Social Democrats.

The CDU's central slogan combines appeal to the heart-strings with all-encompassing vagueness: "Ja zu Deutschland – Ja zur Zukunft" ("Yes to Germany, Yes to the Future").

Apart from large photos of Chancellor Kohl in conversation with world leaders, the CDU's election literature features a map of the enlarged Germany with coloured post-card-style pictures of places of cultural interest.

Mrs Noelle-Neumann says that Mr Lafontaine is "mad" to focus his campaign on "daily worries", like how much unity is going to cost.

"These questions of the wallet are small compared with the great theme (of unity)", she says.

This is also the view of the daily newspaper Frankfurter Allgemeine Zeitung. The standard-bearer of German conservatism has cast aside its traditional pfennig-pinching financial orthodoxy. It published a lordly front page editorial on Tuesday dismissing as "cheap polemics" Mr Lafontaine's persistent complaints that overall public sector debt has now passed DM1,000bn (£346bn)

The CDU's lack of precision in its election manifesto has irritated the liberal Free Democrats (FDP), junior partner in Mr Kohl's coalition.

Criticising "lack of clarity" in areas like environmental and social policies, Mr Otto Lambsdorff, the FDP chairman, earlier this month called the CDU manifesto "non-committal" and "verbose" and said that the party's electoral concept was limited simply to "the Chancellor".

The helter-skelter rush towards unity during the last 12 months has been very much the preserve of government decision-making, with parliament conspicuously shunted aside.

With the sole exception of the 10-point plan for German unity delivered last November, all Chancellor Kohl's policy initiatives have been launched outside parliament.

Although the Bundestag is meeting in special session today to debate next year's rising budget deficit, Mr Lafontaine has preferred to deliver statements on financial policy to press conferences rather than in parliamentary debates.

"This is a working parliament, not a debating parliament," says Mr Christoph Bertram, diplomatic correspondent of the weekly Die Zeit. He points out that the main power of the Bundestag stems not from its ponderous set-piece debates but from the behind-the-scenes activities of parliamentary committees.

Mr Kohl's side-stepping of the Bundestag has certainly annoyed the SPD.

"Kohl has had the great fortune to have this historic opportunity fall in his lap," says Ms Ingrid Mätthaus-Maier, the SPD's spokeswoman on finance. "In any other country, this would have meant sitting down together (with the opposition) to work out how to use the chances. But Kohl has been unable to resist the temptations of party politics."

Disquiet is also voiced by Mrs Hildegard Hamm-Brücher, the veteran FDP politician, who is quitting the Bundestag after 40 years as a deputy at the Land and federal level. "The Bundestag is terribly led by the nose. There is a lack of independence. The decisions are taken in back-rooms, and we proclaim them. Parliament has become a boring, well-behaved apparatus."

Another discontented observer is Mr Friedhelm Kemna, the well-respected editor of the main Bonn daily newspaper, General-Anzeiger. Mr Kemna has just been sacked by the newspaper's publishers for failing to take a strong enough line supporting Bonn as the future seat of government.

Mr Kemna berates "lack of compassion" for the people in east Germany by the broad mass of the west German public.

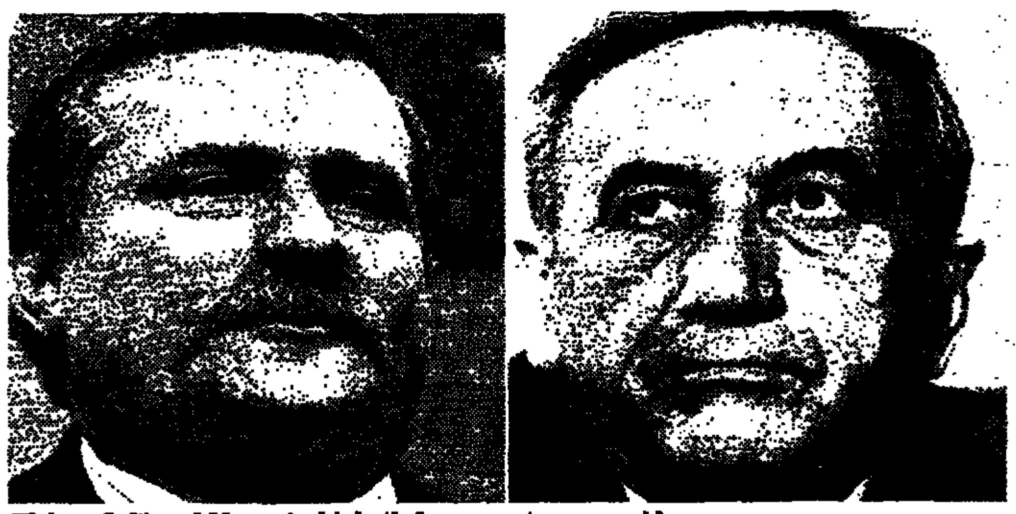
He says that Germany's democratic success is too strongly dependent on materialism – and worries what would happen in the event of a prolonged economic downturn.

Referring to the uncertainties about the economic future of east Germany, he says: "As long as gross national product is in order, we will be all right – otherwise, I am not sure where we will go."

In angst-prone Germany, such anxieties are hardly new – but Mr Kohl's great achievement is that, for the moment at least, he has pushed them out of the forefront of the voters' minds.

# Poland ready to exorcise communist relic

## Whoever wins Sunday's election will reshape the presidency, writes **Christopher Bobinski**



Walesa (left) and Mazowiecki: both favour a strong presidency

ONE of the many ironies of Sunday's Polish presidential election is that the six candidates are fighting for a post which has yet to be given a proper job description.

Like so many of Poland's previous constitutions, the present one was shaped – 18 months ago – in accord with the political needs of the moment. Then, the governing communists and the Solidarity opposition agreed a formula bringing the opposition into parliament but building safeguards to perpetuate communist party rule.

One of those was to give the president responsibility for defence, the security services and foreign affairs. It was also agreed that the post would be given to the then-communist party leader, General Wojciech Jaruzelski.

The formula failed to survive the June 1989, election, which gave Solidarity control over the government. However, as a gesture to the then seemingly intact Soviet power, General Jaruzelski was elected president and his constitutional powers were preserved.

It is the nub of Mr Lech Walesa's drive for the presidency that this relic of communist rule now has to be altered to bring Poland into line with other post-communist states, like Hungary and Czechoslovakia. There was a time earlier this year when it appeared that Mr Tadeusz Mazowiecki, the premier and main challenger for the post, was happy to work with the General for a while longer.

However, now that General Jaruzelski is preparing to make way for his successor at the official presidential residence, the white-walled Belvedere Palace, it is clear that the constitution will have to be changed. The only question is how.

The present parliament, which is expected to resign in the early spring, has been working on a new constitution and the drift is towards cutting back the president's powers vis-a-vis parliament.

But it appears likely that the documents will be re-written and approved by the next parliament – which will be democratically elected in contrast to the present one, in which communists were guaranteed a majority of seats in the lower house.

Nevertheless the fact that the president is to be elected on a national ballot may strengthen the office.

Mr Walesa, favourite in the opinion polls, has said the president should be responsible for his actions before the nation, putting himself above parliament. "The president's role should be to map out the country's policies in accord with the will of the nation," he says.

Mr Mazowiecki has said he sees the presidency in a similar light, commenting that the president "should be able to make the main state institutions act consistently and have at his disposal strategic powers over state and government policy, events, internal security and foreign affairs."

Both men foresee a role for parliament. It would approve the composition of the government, picked by a prime minister, proposed by the president. But Mr Walesa's programme also says that, should the need arise, the president can himself summon the council of ministers and chair the meeting. That suggests that the government will be dominated by the president.

Chances are, too, that parliament after the election will be weak and fragmented into many small parties. Whatever constitution it chooses to write, the newly-elected president will in any case have the political initiative for some time to come.

### Central bank chief says fund money would restore country's credibility

# Bulgaria hopes for $500m IMF credit

By **Judy Dempsey** in Sofia

BULGARIA hopes to receive a stand-by credit from the International Monetary Fund later this month, on the understanding that the government can push through important economic reforms, including price liberalisation, restructuring of the banks and access by enterprises to foreign exchange.

The credit, which could total \$500m, is part of the IMF's stabilisation programme for Bulgaria and follows several meetings between Mr Ivan Dragnewski, head of the country's central bank, and IMF officials after Bulgaria joined the fund in September.

Mr Dragnewski said in an interview yesterday that financial assistance from the IMF could restore Bulgaria's credibility and support from western banks.

All credit lines to the country were suspended last March after the Bulgarian Foreign Trade Bank imposed a moratorium on all principal and interest repayments for 1990 and 1991.

Bulgaria was due to repay \$3.1bn of its total \$10.6bn foreign debt this year, with a further \$1.5bn in 1991. But Mr Dragnewski said such repayments could not be met because of "a severe liquidity crisis" caused by the fall in foreign earnings, failure by several Middle East countries to repay outstanding debts totalling \$2.1bn, and the collapse of the Comecon market, which accounts for more than 80 per cent of Bulgaria's trade.

Hard currency earnings from exports fell by \$400m during the last quarter of 1989, and by a further \$700m in the first quarter of this year. Mr Dragnewski blamed political instability following the overthrow of Mr Todor Zhivkov, the former Communist party leader. Reserves were now as low as \$100m.

Industrial production this year has decreased by 15 per cent compared to last year. In real terms, this amounts to 10 per cent, or 7bn leva (£1.3bn) of gross national product.

Production will continue to decline for the foreseeable future because of the shortfall in oil supplies from the Soviet Union and from Iraq. Bulgaria imports 99 per cent, or 11.6m tons, of its oil from the Soviet Union.

Mr Dragnewski said it was still uncertain how much energy Bulgaria would receive next year from that source and how it would pay for it, since all trade would be settled in hard currency from January 1.

Despite this bleak outlook, Bulgarian bankers remain hopeful that the IMF will provide a stabilisation package, despite the fact that Mr Andrei Lukanov, the prime minister, has so far been unable to push through any significant reforms. He lacks support from within his own ruling Bulgarian Socialist (former Communist) party, and from the Union of Democratic Forces, a loose coalition of 13 political groupings.

Today, Mr Lukanov will present next year's budget to the national assembly and will again try to implement the first stages of privatisation and price reform.

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Charter of Paris signed yesterday by 34 nations brings formal end to the cold war

# 'New era of peace and unity' for Europe

**By Ian Davidson in Paris**

THE 34 heads of state and government from Europe and North America yesterday inaugurated "a new era of democracy, peace and unity in Europe", by signing the Charter of Paris and thus marking the conclusion of the three-day summit of the pan-European Conference on Security and Co-operation in Europe.

The European Community and the US also finalised a joint declaration which underlines their shared values and formalises their regular consultation procedures at the highest level.

The Paris Charter extends the principles of detente, self-determination, human rights and east-west co-operation which were enshrined in the original Helsinki Final Act of 1975. It spells out formally the principles of human rights and democracy, to which all the member states undertake to adhere, lays down the guidelines for future co-operation between east and west, and establishes new permanent institutions for the CSCE.

Commenting that the cold war was finally over, President George Bush said after the signing ceremony that the summit marked the end of a chapter of history. But President François Mitterrand, like many other European statesmen during the course of the conference, stressed that the summit marked a new chapter of history, which would contain its own share of difficulties and dangers.

He welcomed the fact that the 34 states of Europe and North America now shared "the same vision of the world", founded on democracy and the rights of many, on stability and security. But in the next stage, he said, they would have to "establish harmony between words and deeds", and he warned against the dangers that would follow if Europe were to be divided between the rich and the poor.

Despite previous French forecasts that the pan-European summit might start to settle the political architecture of the new Europe, Mr Mitterrand conceded that the question remained entirely open, and said that all existing European arrangements needed to be rethought.

"No institution will escape critical reassessment", he said, including the European Community, the Atlantic alliance, the Council of Europe and even the CSCE itself. In the Paris Charter, however, there is no suggestion that the European Community's role is in question; on the contrary, it stresses the important role of the EC in the political and economic development of Europe.

Following the treaty on the reduction of conventional forces in Europe (CFE) signed on Monday by the members of Nato and the Warsaw Pact, the 34-nation summit endorsed the prospect of a supplementary round of conventional arms control talks (which will mainly cover manpower), and undertook pan-European negotiations on confidence and security building measures.

Future work of the Helsinki process will be administered by a new permanent secretariat based in Prague. A conflict prevention centre will be set up in Vienna, to monitor unusual military activities and to exchange military information. In addition, an office for free elections will be set up in Warsaw. Summit meetings of heads of state or government will be held every two years.

Mikhail Gorbachev looks triumphant at yesterday's signing ceremony concluding the 34-nation CSCE conference

# MEPs vote to strengthen rules on money laundering

**By Lucy Kellaway in Strasbourg**

THE European Parliament voted yesterday to strengthen the EC's draft directive on money laundering, making it easier to catch and punish drug money dealers.

MEPs want to extend the scope of the directive – under which money laundering would become a criminal offence – to countries beyond the Community.

They suggest the Commission should identify countries where there are few checks against money laundering and instruct banks to be particularly careful in their dealings with them.

The parliament also wants member states to be able to punish companies which do not conduct satisfactory checks on laundering. Such checks would consist of keeping records of all transactions for between five and 10 years.

Under the Commission's proposals, banks would need to be aware of the identity of the client. The Parliament suggested yesterday that where the client itself was an intermediary, further steps should be taken to discover the identity of the real client.

However, these amendments are unlikely to be accepted by the Commission, as they would make it considerably more difficult to get the directive past member states, a task which is proving difficult enough already.

Although most member states are keen to be seen to as bringing the \$120bn-\$500bn money laundering to a halt, they are not at all happy at the notion of Brussels interfering in their criminal law, which they regard as an area of national sovereignty.

Officials are anxious for a early agreement

# EC to fund improved road and rail links

**By Tim Dickson in Brussels**

MR Karel van Miert, the European Community's transport commissioner, has won his long battle for a special fund to promote improved EC infrastructure.

Member states have formally adopted a programme worth Ecu60m (£42m) this year and Ecu118m in 1991 which will support large projects with a clear European dimension. Priorities will include combined road and rail links, the easing of traffic bottlenecks, works which integrate peripheral regions more closely with the rest of the Community and schemes which reduce the cost of transporting goods.

Among projects already given Brussels' provisional blessing are the high-speed train network between Paris, London, Brussels, Amsterdam and Cologne, transit works on the Brenner Pass, the North Wales coast road, and improvements being carried out on the rail link between Belfast and Dublin.

Several EC countries have been reluctant to endorse the Commission's ideas, arguing that EC money for infrastructure is already available through the regional funds. Mr van Miert, however, points out that this kitty is generally deployed in the national and regional interest and that a special budget allocation for projects with a broader usefulness was fully justified.

Mr Van Miert, meanwhile, is expected to win the support of his Commission colleagues today for a newly modified proposal harmonising vehicle tax on lorries.

Officials in Brussels say that national practice at the moment varies from the Ecu5,000 charged annually in the UK for a 38-tonne truck to as low as Ecu400 to Ecu500 per truck in some Mediterranean states.

The Brussels plan – to set a minimum rate somewhere between the two extremes – is aimed at removing distortions to competition in the road haulage sector and ensuring that national infrastructure costs are properly covered by the tax.

# Soviet transport group bidding for control of Ikarus

**By Anthony Robinson**

A CONSORTIUM of Soviet public transport companies together with US and Taiwanese investors, are bidding for control of the Hungarian bus manufacturer, Ikarus, in a move which highlights the major disruption in long standing Comecon trade patterns on the eve of the shift from rouble to dollar trading throughout Comecon from January 1.

Under the Comecon division of labour the Ikarus plant in Budapest turned out 13,000 buses a year, over 90 per cent for export throughout the Soviet bloc. The Soviet Union, with an existing Ikarus bus park of 80,000 vehicles was by far the largest customer.

Faced with a cut in Soviet oil and gas supplies however the Hungarian government decided to cut back exports to the Soviet Union, including bus exports. This created major problems for Ikarus and its suppliers, including the RABA company which supplies axles and other component.

The Soviet bid, together with a US-Canadian financial consortium and Ching Fong, a Taiwanese assembler of Honda vehicles, is aimed primarily at ensuring security of supply for the bus which is in standard use throughout the entire Soviet Union. Two Hungarian groups and AMF Industries of California have put in rival bids while six other western automotive companies including Daimler Benz, Daf, Iveco, Man and Renault expressed interest but failed to submit specific offers.

The various rescue plans put forward by the rival groups aimed at improving the efficiency of the assembly operation and modernising production to help it keep markets in the newly competitive environment of eastern Europe and other markets. Plans include using Mercedes Benz diesel engines to improve power and fuel efficiency.

# IMF team warns Italy over budget deficits

**By John Wyles in Rome**

AN International Monetary Fund team has warned the Italian government that it has very little time left to begin reducing the nation's budget deficits, allowing itto be part of the next phase of economic and monetary union (Emu) in the European Community.

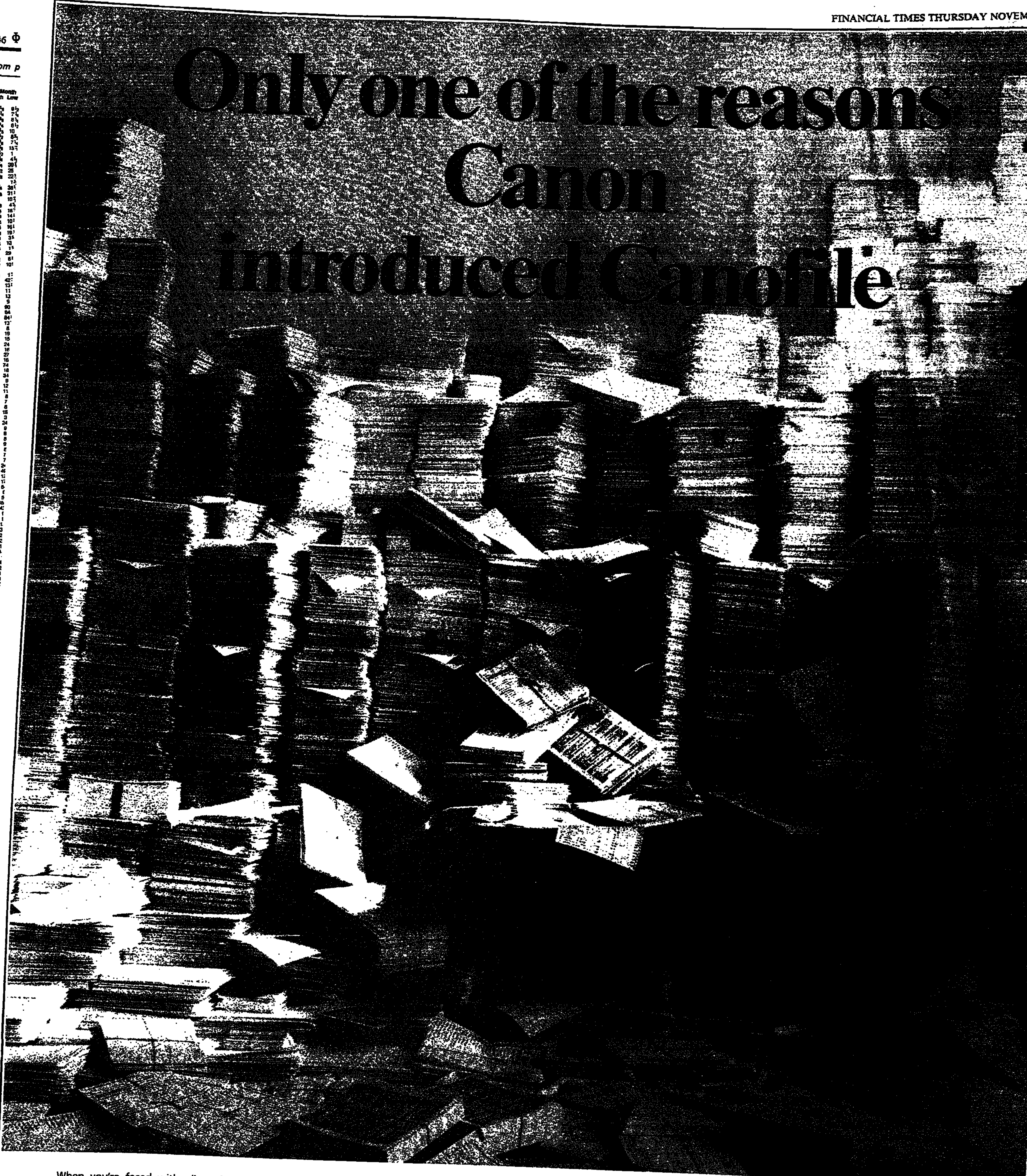
In its annual review of the Italian economy, the IMF has defined 1991 as a "crucial" year in the government's attempts to control the annual budget deficit, still running at more than 10 per cent of gross domestic product.

If deficit targets are not met and wage-price inflation not reduced, then it will be difficult for Italy to be part of phase two of Emu, which is due to begin on January 1 1994.

"It seems inconceivable that a country which so actively supports Emu and which has been part of all the main passages in the construction of Europe could be excluded from the group of countries which are moving to the next phase of integration or that it could find itself accused of slowing down monetary unity," says the IMF's eight-page report.

In common with most other analysts, the IMF has found unconvincing several aspects of the government's 1991 budget manoeuvre, which aims to cut L44,000bn (\$39bn) off a projected deficit of close to L180,000bn.

Additional measures will "probably" be necessary, says the report; it estimates that L50,000-L60,000bn will need cutting from the trend deficits for each of the following two years, if the growth in accumulated public debt is to be halted and then diminished. The government is rebuked for having conceded to public sector workers pay rises.



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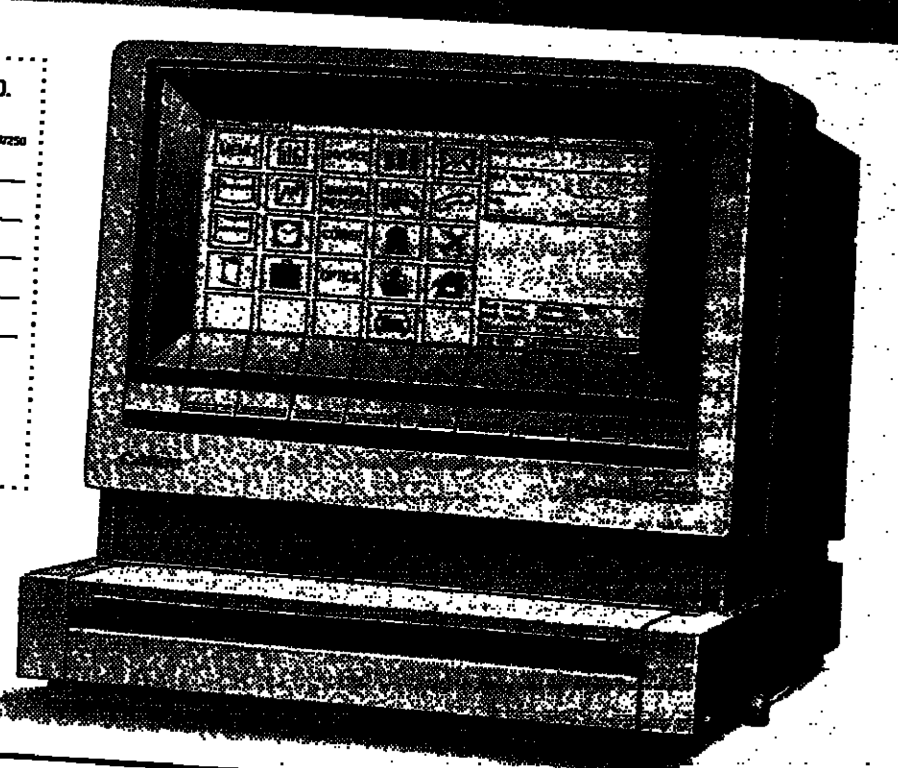

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EUROPEAN NEWS

## Delors backs more powers for European parliament

By Lucy Kellaway in Brussels

MR Jacques Delors, the president of the European Commission, yesterday offered the European parliament an olive branch by backing suggestions for an extension of its legislative powers.

Mr Delors expressed some sympathy for the idea that the parliament should be given the last word in legislation – perhaps by allowing it to overturn with an absolute majority legislation that had been adopted by the council.

He was also sympathetic to the idea of giving parliament extra budgetary powers, with a limited role to raise taxes. However Mr Delors was hostile to many of the parliament's other demands for power – saying that there was no question of MEPs being allowed to initiate proposals.

Mr Julio Andreotti, president of the European council also sought to sooth the parliament during yesterday's debate in Strasbourg on institutional reform. He said that MEPs should be given some say in appointing the president of the commission, greater budgetary powers, and a fuller participation in the making of EC legislation.

Mr Andreotti said the Italian government favoured greater co-decision making with the parliament, although he would not be drawn on the mechanisms to bring it about.

The discussion may go some way to counter a threat by MEPs to obstruct December's International Governmental Conference.

MEPs are angry about the small role they are to play at the conference. They are also distressed that so few of their ideas about increasing the powers of the conference seem to have been taken aboard.

Mr David Martin, the author of the parliament's report on political union said yesterday that he hoped that parliment would agree to support the IGC in a positive, but critical way.

However, he expressed disappointment at the small number of the parliament's suggestions on how to make the EC more democratic had been espoused by the Commission.

## Greek conservatives start pushing for privatisation

**Kerin Hope** looks at changing priorities in Athens

GREECE'S ruling conservatives, responsible in the past for keeping two thirds of the country's economic activity under the state umbrella, are now pushing for privatisation with the zeal of the newly-converted.

When Mr Constantine Mitsotakis took over as prime minister last April privatisation plans went no further than selling off some 20 industrial companies controlled by the Industrial Reconstruction Organisation. They had been nationalised in the early 1980s by the former socialist government.

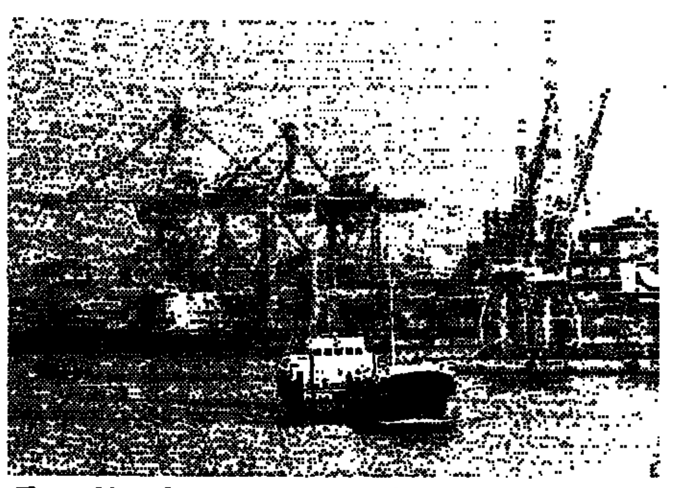
At first, the idea of unloading state-controlled mining companies, shipyards and even banks was horrifying to politicians brought up to believe in close government supervision of finance and industry. Extensive privatisation also threatened the cherished "rousfeti" system which fills public sector posts, from managing directors to doormen, with the ruling party's political clients.

But the need to shrink a record budget deficit, much of it caused by covering the debts of public sector corporations, brought a swift change of attitude. Another 70 companies have been slated for privatisation over the next year.

Legislation is underway to permit flotation on the Athens stock exchange of up to 49 per cent of the state-owned utilities and transport companies, including OTE, the telecommunications organisation, and Olympic Airways, the state airline. The finance ministry hopes to raise Dr550bn ($3.6bn) in 1991 from privatisations and share issues. But it will probably have to pay out at least Dr60bn to keep the IRO companies afloat while they are being denationalised and another Dr400bn to service the utilities' losses and accumulated debts.

A striking lack of public debate about privatisation seems to indicate its tacit acceptance by the socialist and communist opposition. However, reaction was cushioned to some extent by a decision to offer 6,500 workers from IRO companies a year's retraining on full pay.

Still, the conservatives are taking pains to ensure they



Three shipyards are among more than 70 Greek companies slated for privatisation over the next year

cannot later be accused by political opponents of selling off the country's assets on favourable terms to their business friends. "Transparency" is a word repeated by government officials, who have suggested the opposition parties should appoint representatives to monitor each deal.

The British merchant bank, N.M. Rothschild, has been appointed a special consultant, while a cabinet memorandum sets out procedures for making evaluations, offers and bids. More than 20 Greek and foreign investment banks and securities houses have been chosen to handle the sales.

Since few companies are profitable enough to meet conditions for a stock market listing, they will be private buyers. Those that fail to find a purchaser will be liquidated.

Despite their debt burden the IRO companies are attracting "serious interest from investors, with a fair number of inquiries coming from abroad", says Mr John Piperoglou, secretary of the cabinet privatisation committee. The other companies to be privatised belong to state-controlled banks, which are anxious to divest as they prepare for post-1992 competition. The Agricultural Bank proposes to sell 35 companies, mostly small timber and food-processing units.

The Hellenic Industrial Development Bank (ETVA) has 15 companies on offer, including three shipyards, five mining companies and a fertiliser producer. Their debts total Dr74bn. Like most bank-controlled companies, they were either set up by ETVA under state investment schemes or taken over after private owners ran into trouble.

"The main problem is coping with debt," says Mr Chris Pikis, in charge of privatisation at ETVA. "As a banker, I feel it shouldn't be written off or capitalised either. Restructuring is the only sensible solution." Although the government seems willing to write off substantial amounts of debt in order to lure buyers, it runs the risk of violating European Community competition rules.

Talks with European Commission officials are unresolved but it looks likely that privatisation of shipyards, and fertiliser and cement plants will have to be negotiated with the EC on a case-by-case basis, making it difficult for the government to stick to its privatisation timetable. But the Commission has made clear it will take a more sympathetic approach to the competition issue because of Greece's economic predicament.

Meanwhile, the government can feel encouraged by the first privatisation deal to go through: last week's sale of a two thirds stake in Olympic Catering, the airline's debt-ridden meals subsidiary, to LSG, the catering arm of Lufthansa.

## Thai airline crash claims 37 lives

THIRTY-SEVEN people were killed yesterday when an aircraft crashed in a heavy rainstorm on the Thai resort island of Koh Samui, Reuter reports from Bangkok.

"We have found all the bodies," a policeman on the island said.

All 33 passengers of various nationalities and four crew members died when the twin propeller aircraft exploded on impact near the island's airport.

The passenger list of Bangkok Airways Flight 125 did not specify nationalities, but there were seven Japanese names, six Germanic and six common Scandinavian ones.

Police said most of the passengers, including a child and an infant, were tourists.

The aircraft, flying from Bangkok, crashed six miles from the airport, opened last year to make the island a major tourist resort.

### Khmer Rouge claim

The Khmer Rouge said yesterday that it was on the verge of conquering Siem Reap province, home of the Angkor Wat temple complex and spiritual centre of Cambodian culture, Reuter reports from Bangkok.

"The liberation of Siem Reap province is within our hand's reach," the group said on its clandestine radio station, monitored in Bangkok.

"We will liberate the province any day and after that the national army will set up the national administration team to run the province," it said.

Meanwhile, former Cambodian ruler Prince Norodom Sihanouk arrived in Paris yesterday before UN Security Council talks aimed to restart the stalled peace plan, AP reports from Paris.

The visit, which Prince Sihanouk stressed was private, comes on the eve of meetings tomorrow between diplomats of the council's permanent members. It marks the first time he has visited Paris since Security Council talks on Cambodia down in September 1989.

### Sikh separatists shot

Four Sikh radicals who opened fire in a crowded market in Amritsar, killing 13 people, were shot and killed by police a few hours after the attack, Press Trust of India said yesterday, AP reports from New Delhi.

The militants were killed in a gun battle with security forces on Tuesday night, a few hours after they opened fire in the market, the news agency said. Amritsar police chief, Mr Sanjeev Gupta, was quoted as saying the weapons recovered from the radicals matched spent bullets found at the scene of the market shoot.

# India's latest cabinet stumbles on stage

**David Housego on yesterday's ominous start to Chandra Shekhar's administration**

MR CHANDRA Shekhar's new 34 member government is probably the weakest that India has experienced and is faced with an unprecedented accumulation of problems, not least of which was organising its own debut.

As newly appointed ministers yesterday took the oath of office in the ornate splendour of the presidential palace, the pandemonium at the back of the hall was so great that their voices could not be heard. To many onlookers it seemed both an ominous and a symbolic beginning to the new administration.

Security police used batons to force back reporters and photographers who had been invited, but for whom there was no place amid the throng of guests, supporters and hangers-on who turned up for the ceremony that was transmitted live over national television. At one moment there was the sound of crashing glass as the window panes of the massive entrance doors gave way beneath the pressure.

"We are losing the habits of a civilised society" said one senior politician, appalled that a normally formal state occasion should be marred by violence. He had in mind as well the far more violent tussle that broke out in the state assembly of Uttar Pradesh on Tuesday as members came to blows and threw shoes at each other during a debate on a vote of confidence.

It has taken Mr Chandra Shekhar and Mr Devi Lal, the deputy prime minister, 11 days to put the new government together. The delay reflects the difficulties he has had in finding sufficient talent among the 60 or so members of his Janata Dal(S) faction and in reconciling demands for posts and patronage from Mr Devi Lal and others. No previous government has come to power amid such accusations of buying votes and support in the parliament.

Not only is his government much shorter on experience than Mr V.P.Singh's when it came to power a year ago. But it also has a much weaker grip on the major states of the union.

Mr Singh could count on his own or

V.C Shukla, India's new foreign minister talking to reporters yesterday

friendly governments in power in Uttar Pradesh (U.P.), Bihar, Gujerat, Haryana, Madhya Pradesh, Rajasthan, West Bengal and Orissa. Mr Shekhar can count on only Haryana, Gujerat and to some extent U.P.

The three most urgent problems that he faces are the economy (responsibility for which rests mainly with Mr Yashwant Sinha, his new finance minister); the Hindu-Moslem conflict over Ayodhya; and the worsening insurgency movements in Kashmir and Punjab (the latter two cases he is handling himself by taking over the interior and defence ministries).

Mr Rajiv Gandhi's calculation in offering Congress support to Mr Chandra Shekhar in parliament is that he can push him into taking the tough decisions for which Mr Gandhi would prefer to avoid responsibility until he can head a majority government.

As a former senior civil servant, Mr Yashwant Sinha can harbour few hopes of there being any alternative to IMF borrowing or to the conditions that will accompany such a move. The foreign exchange reserves have fallen by 40 per cent since the end of August to Rs3.2bn – less than the costs of one month's imports. The long queues of trucks at diesel pumps are a sign of the difficulty India is having in financing oil imports.

Foreign debt has climbed to $70bn, and Indian paper is being traded among banks at a discount of up to 10 per cent. With a current account deficit of over $10bn expected this financial year, India needs about $5bn in fresh financing.

Officials are already discussing the possibilities of a stand-by credit with the IMF. The importance of this is that an agreement on terms could ease the fears of commercial bankers, who are demanding of India rates of 75-100 basis points above Libor – or three times the level of earlier in the year. But a larger Fund borrowing would also be needed.

As worrying politically for Mr Chandra Shekhar – who has maintained his socialist rhetoric since coming to power – is what economists here refer to as "runaway inflation by Indian standards." Prices, having risen in 1989/90 by only 6 per cent, seem set to rise next year by 12-15 per cent.

Over the Ayodhya dispute – which brought down Mr V.P. Singh's government – Mr Chandra Shekhar faces a further hardening of attitudes by the Hindu fundamentalists.

Mr L.K. Advani, the leader of the radical Hindu BJP party, has urged Moslems to shift the mosque to another site to permit construction of the temple. Foreshadowing the type of regime his movement hopes to create, he said that Moslems would only be safe in a Hindu society and under a Hindu "raj" (government). The Hindu militant movements are planning another mass campaign to build the temple from December 6.

The prospect of a weak government in Delhi is equally strengthening the hands of extremists in Punjab and Kashmir. In Punjab, Mr S.S. Mann, the Akali (Sikh) leader, this week harked back to old demands for the creation of a separate Sikh state. This followed the burning of a holy Sikh book which led to riots in Jullunder in the Punjab and in Delhi

Over the weekend Sikh terrorists gunned down 11 members of the the militant Hindu RSS organisation – the first time for many months that Sikh terrorists have made Hindu militants so conscious a target.

# Thai prime minister set to quit in tactical move

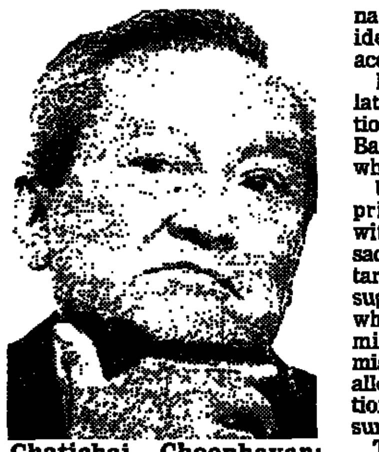
By Peter Ungphakorn in Bangkok

TENSION between Thailand's military commanders and the elected government intensified yesterday with Gen Chatichai Choonhavan, the prime minister, widely believed to be preparing to resign in an attempt to strengthen his hand.

Gen Chatichai and the army commander, Gen Suchinda Kraprayoon, flew separately to the north-east for audiences with King Bhumibol Adulyadej. An appeal to the country's constitutional, but highly revered monarch, by both sides would be unprecedented in recent history.

Gen Suchinda claimed to reporters that his audience had been arranged some time ago, and the chief government spokesman later dismissed reports of the prime minister's resignation as "mere rumour".

Earlier speculation centred



Chatichai Choonhavan: preparing to resign

around reports that Gen Chatichai would submit his resignation to the king and be renominated immediately by the president of parliament who accompanied the premier.

But as Gen Chatichai started late night meetings with coalition leaders on his return to Bangkok, it remained unclear what had happened.

Unconfirmed reports said the prime minister had carried with him a draft order for the sacking of several senior military commanders. The report suggested that Gen Chatichai, who is also defence minister, might use the threat of dismissal as a bargaining chip to allow him to rebuild his coalition government without pressure from the military.

The military, which appears to be more unified now than in the past several years, might prefer parliament to be dissolved and an election called. That would allow the new party of Gen Chavalit Yongchaiyudh, Gen Suchinda's predecessor, as army commander, a chance to compete in a general election. This challenge is probably an important factor in the dispute.

The first sign that the situation had deteriorated seriously was when senior military commanders failed to turn up at their weekly breakfast meeting with Gen Chatichai yesterday.

The military want Gen Chatichai to sack Mr Chalerm Yoobamrung, a police captain and outspoken minister in charge of two television channels and several radio stations.

Among their complaints is the accusation that he used an outside broadcasting van to eavesdrop on, or to jam, military communications during an earlier period of tension.

The minister, who leads a tiny party in the coalition, said the van was simply checking how well broadcast radio signals were being received.

Before leaving for Tokyo to attend the enthronement of the Japanese emperor last week, Gen Chatichai had yielded to military pressure and told reporters he would reshuffle the cabinet upon his return. He has not yet done so.

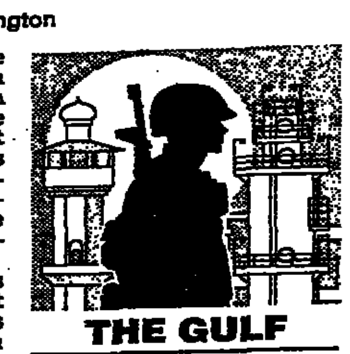
In the prime minister's absence, the army commander announced a ban on demonstrations near Government House, citing intelligence reports of a plot to cause a disturbance – allegedly in support of police captain Chalerm.

There was no demonstration and the ban was lifted, but it was criticised as a violation of civil rights and apparently increased the annoyance of the prime minister.

# Soviet UN stance restricts Bush's plan of action

By Lionel Barber in Washington

THE US failure to secure immediate Soviet support for a United Nations resolution authorising military force against Iraq does not amount to a serious setback, but it has complicated the Bush administration's plans to win congressional support for a possible offensive, officials in Washington said yesterday.



In the past two weeks, as public support for President Bush's Gulf policy has wavered, the administration has grudgingly come round to the view that it most likely needs some kind of congressional resolution before committing the country to war.

This has become increasingly clear as respected and powerful Senators such as Mr Sam Nunn of Georgia have publicly criticised Mr Bush's decision to double the size of US forces in the Gulf to almost 400,000.

Mr Bush's official position is that as commander-in-chief he has the right to take military action without recourse to Congress, and that he cannot in good conscience allow his options to be restricted by Congress's sole right under the constitution to declare war. Unofficially, however, his position appears softer – especially if Iraq fails to provide the necessary provocation which would make it easier for the US to wage war.

Senator Richard Lugar, a senior Republican on the foreign relations committee, has disclosed that President Bush views a UN Security Council resolution on force as an important part of his effort to strengthen support in Congress.

Mr Lugar said the President told him that he wants to wait to ask Congress for authorisation on the use of force until after the Security Council considers such a motion.

"If the UN doesn't work out, this would not be the time to make a pass at Congress," Mr Lugar quoted Mr Bush as saying.

The timing is important because US military planners view a window for potential offensive action against Iraq between mid-January and mid-March.

This is the period before Ramadan, the Islamic holy month, when weather conditions are still favourable.

US officials and diplomats in Washington stressed that President Gorbachev's failure to give full backing to an American-sponsored resolution was more a tactical than a strategic setback, and they all held out the possibility that agreement on the language could still be worked out before the end of the month, when the US hands over the chair at the Security Council to Yemen which is not considered an ally.

"The US and the Soviet Union still share the same goal of getting Saddam Hussein out of Kuwait," one official said.

However, officials conceded that Mr James Baker, US Secretary of State, may have underestimated the difficulties in securing a conclusive agreement with the Soviets on a UN resolution.

US officials believe one of the biggest problems is the continuing split within the Soviet government on the desirability of the use of force. The Soviet military as well as old Middle East hands led by Mr Yevgeny Primakov, Mr Gorbachev's personal envoy, appeared to be holding out against the more co-operative factions led by Mr Eduard Shevardnadze, the Soviet foreign minister.

The US still holds out the hope of securing the backing of all five permanent members of the Security Council – including Britain, France, China and the Soviet Union – each of whom have veto powers. But it is conceivable that it may have to settle for an absention on the part of the Soviets and possibly the Chinese, before moving to the full 15-member Council.

Whatever the outcome, the task of picking up all the necessary votes and agreeing common language is proving to be every bit as difficult as UN officials in New York have consistently predicted.

The next test of congressional sentiment comes next week when the Senate armed services committee begins hearings on the Gulf.

The Senate committee has lined up Mr Henry Kissinger, Admiral William Crowe and General David Jones, two former joint chiefs of staff.

Mr Richard Cheney, the current Defence Secretary, and Gen Colin Powell, chairman of the joint chiefs of staff, will also be summoned to attend the hearings.

# Unita and Angola 'close to ceasefire accord'

THE Angolan government and US-backed Unita rebels are close to agreeing to a ceasefire in their 15-year civil war, the chief mediator at peace talks between them said yesterday, AP reports from Estoril.

After five days of negotiations the two sides had reached agreement on 80 per cent of a ceasefire document proposed by the Portuguese mediating team, said Mr Jose Manuel Durao Barroso, the state secretary for foreign affairs and co-operation.

He said no date was fixed for signing a ceasefire. But he did not rule out the possibility of an accord at the next round of negotiations planned for some time before January.

The two delegations focused on the ceasefire document, but also discussed a second paper on the introduction of multiparty democracy in Angola.

Mr Durao Barroso said the complex question of integrating the two armies was not discussed at the Estoril talks. He said both sides had agreed on a series of steps to implement the ceasefire, beginning with a halt to hostilities and including the formation of a joint verification commission and the confinement of armed forces in predetermined control zones.

# Pakistan plans to sell off 51% of state banks

By Farhan Bokhari in Islamabad

PAKISTAN is to privatise state banks, Mr Sartaj Aziz, finance minister, said yesterday.

The sale would be in two stages, the first involving selling 25 per cent of the shares to the public. In the second stage, a further 26 per cent would be sold. The banks were nationalised in the 1970s.

Mr Aziz said his government was determined to encourage industrialisation and provide a greater role for the private sector as part of recently announced economic reforms.

A western diplomat in Islamabad said the government's economic reform policies had started well but various problems had to be overcome, notably bureaucratic delays.

Mr Aziz also appealed yesterday to Pakistan's traditional donor countries for financial assistance to overcome economic problems caused by the Gulf crisis.

Mr Aziz told diplomats representing bilateral aid agencies in Islamabad that his country required between $2.2bn and $2.7bn to pay for a higher oil import bill and compensate for lost remittances. He said only $1bn could be raised through increased exports and reduced expenditure.

# Opposition protests jolt Bangladeshi leader

By Reazuddin Ahmed in Dhaka

THE stability of Lt Gen Hussain Mohammed Ershad's Bangladesh government has been jolted by demands by opposition parties for an interim caretaker civilian government to conduct free elections.

President Ershad is unlikely to bow to calls for his resignation in favour of a neutral vice-president to be chosen by the country's mainstream opposition, led by the Bangladesh Nationalist Party and the Awami League. But he has gradually been losing his grip as political violence grows. Up to 17 several people have been killed, and many ruling party MPs and bureaucrats have been harassed on the streets by angry demonstrators in recent weeks.

President Ershad, who is in the Maldives capital, Male, at the South Asian Association for Regional Co-operation, will face a series of demonstrations when he returns home this week.

The opposition has also called a general strike on November 26 and a three-day road and railway blockade starting on December 10 in an attempt to force Gen Ershad's resignation.

# Surprise as Bush decides to meet Syrian leader

By Victor Mallet, Middle East Correspondent

THE surprise announcement yesterday that President George Bush would meet President Hafez al-Assad of Syria tomorrow shows how much the Gulf crisis – and the end of the Cold War – has reshaped international alliances in the Middle East.

Mr Bush's two hours of talks with the Syrian leader in Geneva will be the first such meeting since President Jimmy Carter met Mr Assad in 1977.

The desire to present a united front against Iraq's invasion of Kuwait in August has forced the pace of the reconciliation between Washington and Damascus, despite the opposition of Mr Bush's critics at home in the US.

Not only was Syria a longstanding protégé of the Soviet Union; it was also implicated in international terrorism, and a dispute over suspected Syrian involvement in the bombing of the Pan Am jumbo jet over Lockerbie in Scotland two years ago has yet to be resolved.

US officials say that the bomb, which killed 270 people, was planted by the Syrian-based Popular Front for the Liberation of Palestine-General Command.

Mr James Baker, the US Secretary of State, paved the way for the Bush-Assad talks when he visited Damascus in September, although he stressed then that the US was not prepared to forget the Lockerbie affair.

Mr Marlin Fitzwater, the White House spokesman, said yesterday that the Geneva meeting was mainly to discuss the situation in the Gulf and had been prompted by Washington's allies in the region, including Egypt and Turkey. The White House insists that the meeting does not imply any change in Washington's stance towards Syria.

Any softening of the American stand against Syrian involvement in terrorism would be viewed with concern by Britain, or at least by Mrs Margaret Thatcher.

Britain has so far been reluctant even to restore diplomatic relations with Damascus following an attempt to blow up an Israeli airliner departing from London in 1986.

True to form, President Assad has performed a delicate balancing act during the Gulf crisis.

On the one hand Syria has sent tanks and troops to Saudi Arabia to join the multinational forces. On the other, the Syrian government has criticised the United States for using the crisis as an excuse to send more weapons to Israel.

# Japanese foreign loan cuts 'not so drastic'

By Ian Rodger in Tokyo

JAPANESE banks' lending cuts in foreign markets are not as drastic as some critics claim, according to a senior Bank of Japan official.

The official acknowledged that cuts were under way. He said that provisional lending plans of Japanese commercial (city) banks and trust banks indicated that the average rate of growth of all their risk assets would be less than 5 per cent year on year by the end of March next year.

However, foreign asset growth will be flat or slightly negative by that time, he predicted.

"This sounds very drastic, but the actual impact is smaller than it suggests, because the banks are trying mainly to reduce their interbank transactions and loans to securities houses," he said. They are maintaining their lines to industrial and commercial customers, he said.

He pointed out that lending by the city and trust banks to non-bank foreign customers at the end of October was 15 per cent higher than a year earlier, while interbank loans were down 3 per cent.

Japanese banks have been criticised in the US and Europe for a sudden dampening of their lending activity in lending markets and, in the case of the Gulf area, a near total withdrawal in recent months. The banks' capital bases have been eroded by the sharp fall in the Tokyo stock market this year, and they are all cutting asset growth to boost their capital ratios.

Asked if he had any concern that Japanese banks might withdraw their support for US banks, he said the Bank of Japan had great confidence in the main US banks, especially the money centre banks. "We cannot dictate to the Japanese banks, but we are telling them what we think," he said.

It has been suggested that the 1993 deadline for banks achieving the new Bank of International Settlements capital ratio guidelines be extended so that Japanese banks can continue to provide liquidity in overseas markets. The official said such an idea was premature. "Two and a half years is a long time," he said.

# Lending to property developers slows

By Emiko Terazono in Tokyo

THE Ministry of Finance reported that its guidance aimed at curbing loans to real estate developers seemed to have slowed down property lending in Japan for the July-September quarter.

In order to eliminate finance for speculative land deals that have been blamed for rising land prices, the ministry in March advised financial institutions, including leading commercial banks, foreign banks and insurance companies to limit real estate lending below the rate of growth in overall loans.

Banks are also under pressure to curb lending in order to achieve the risk-asset ratio requirements of the Bank for International Settlements.

Sanwa Bank, a leading city bank, said that although banks were not going to stop lending to property developers, new loans would not be easy.

Real estate lending by all financial institutions except insurance companies, for the July-September period grew 0.1 per cent to Y53,598.2bn (£41.9bn) from the previous quarter, while total lending grew 2.3 per cent. Non-bank lending grew 0.1 per cent.

The ministry's guidance has slowed city banks' real estate with a drop of 0.7 per cent for the quarter. On the other hand, some foreign banks, second-tier regional banks and *shinkin* credit associations, have increased loans to real estate companies and to non-bank financial companies such as leasing groups. Foreign banks increased their real estate loans by 5.2 per cent to Y665.7bn, and non-bank lending by 31.2 per cent; overall their lending increased by 18.4 per cent. Lending to non-bank financial institutions increased 3.8 per cent at second-tier regional banks where overall lending rose 3.2 per cent.

Some bankers believe funds are still going to speculative land purchases through loans to non-bank institutions.

● Japan's money supply for October grew by 11.8 per cent over the previous year, which was down 0.2 percentage points from 12 per cent recorded in September.

# Singapore sees slower growth by mid-1991

By Joyce Quek in Singapore

SINGAPORE'S third-quarter economic performance escaped severe damage from the Gulf crisis but the latest surveys and indicators point to a slowdown by mid-1991.

Participants in a business survey were the most negative since the 1985 recession, the nation's first in two decades.

The economy expanded 8.1 per cent from July to September, because of an 8.5 per cent leap in total demand and buoyant financial and business services sectors. The government expects the momentum built up earlier in the year to result in an 8.3 per cent economic growth for 1990. Investment commitments had already reached S$1.8bn (£533m) by September.

Financial and business services, which led all sectors for the seventh straight quarter, forecast a slow-down in the next half-year; stockbrokers' earnings slipped with the 28 per cent fall in share values since August 2. Transport and business services, manufacturing, and commerce showed the widest swings in a pessimistic outlook.

The tight labour situation remains, with employment up by 13,600 jobs against 18,900 a year ago.

# Iraq to free western staff at Irish-run hospital

By Kieran Cooke in Dublin

THE management of an Irish-run hospital in Baghdad says that the Iraqi authorities have agreed to allow about 200 Irish, British and other European staff at the hospital to leave the country. The Parc company, a subsidiary of Aer Lingus, the Irish state airline, has run the 200 bed Ibn Al Bitar hospital in Baghdad since 1983. At present 204 westerners work at the hospital, 151 of whom are Irish and 40 British.

Under the terms of an agreement reached between Parc and the Iraqi Ministry of Health, exit visas will be issued to hospital staff on a phased basis. A small number of staff will remain on a voluntary basis over Christmas.

● Two unofficial European missions to Baghdad said yesterday Iraq had told them 118 detained westerners can leave the country, probably before the end of the week, Reuter reports from Baghdad.

A Swiss parliamentary delegation said Iraq had told it that 36 Europeans could leave, while sources close to Mr Jean-Marie Le Pen, the French extreme rightwinger, said he could take out 82 Europeans.

# Surprise US move further threatens Uruguay Round

By William Dullforce in Geneva

A SURPRISE US move has jeopardised prospects for an agreement to liberalise the $600bn (£306.1bn) a year world trade in services.

With only 12 days left before trade ministers meet in Brussels to conclude the Uruguay Round, an impasse in services has emerged as a threat to the outcome of the trade talks second only to the stalemate over the reform of world farm trade.

The US tabled a proposal late on Tuesday which would effectively eliminate the most-favoured-nation (MFN) rule from the umbrella agreement on services which has been under negotiation for nearly four years.

A European Community spokesman said the US proposal would "remove all substance from the (services) agreement" and had been rejected by all other countries taking part in the negotiations.

Unless the US position changes, "we see no way forward", the spokesman said.

The MFN rule, fundamental to international trading practice under the General Agreement on Tariffs and Trade, states that a country must extend to all countries trade benefits arrived at in negotiations with any one trading partner.

The new General Agreement on Trade in Services (Gats) under negotiation in the Uruguay Round would have incorporated the MFN rule. There appeared to be an emerging consensus that the rule should be applied as a general obligation to all services sectors.

It was recognised that provisional, time-limited derogations from the MFN principle would have to be allowed for in some sensitive sectors, such as transport, where a multiplicity of bilateral accords are in force.

These derogations would be dealt with mostly through annexes to the Gats. Nine annexes were being drafted.

However, US negotiators have had trouble in meeting through annexes the demands for exceptions, notably the maritime industry and companies providing basic telecommunications. On Tuesday the US proposed that application of the MFN rule be tied to the commitments to liberalise that governments would make under a separate part of the agreement.

# Hills hints at new pact deadline

By Peter Montagnon, World Trade Editor

MRS Carla Hills, US Trade Representative, yesterday acknowledged that the Uruguay Round of multilateral trade negotiations might continue beyond its previous deadline of December 7, but said the Bush administration would still need an agreement to present to Congress on March 1.

Her admission in a televised press conference that next month's Brussels ministerial meeting may not be able to complete the four-year negotiation as planned confirms what trade negotiators have been saying privately for weeks.

However, it was hedged with conditions. Extending the talks beyond Brussels would be possible only if there was sufficient political will among participants at the ministerial meeting to overcome their differences, particularly on farm support, she said.

It was not a question of dramatic postponement but simply of putting "flesh on the bones" once the political differences had been resolved.

It should then be possible to complete the Round in early January.

There was, however, no question of postponing final agreement for six months or a year.

# MEPs urge fairer EC anti-dumping policies

By Lucy Kellaway in Brussels

THE European Community's anti-dumping policies should be made more transparent, fairer and subject to some democratic control, according to a draft report from the European Parliament.

The parliament is fed up with being side-stepped on trade policy issues, and is proposing a change in Article 113 of the Treaty of Rome which allows the Council and the Commission to set trade policy between them.

Officials from member states believe that such a change would be possible – implying that parliament would soon be able to have a say on anti-dumping matters.

MEPs are concerned that decisions on anti-dumping are taken behind closed doors in the Commission, giving the industries and exporters concerned little notion of the substance or the fairness of the decision. They would like to see a greater role for the European Court of Justice – especially of the Court of First Instance – and greater debate on the matter. However, the parliament is broadly supportive of the general thrust of EC policy, and finds no evidence that anti-dumping is being used as a general protectionist tool. Indeed, it supports the Commission view that EC policy is much fairer than that in the US since duties can be imposed only if the public interest has been harmed by the dumping; the duty is set at a level to remove the injury, not the dumping *per se*; duties are imposed for five-year periods, and so on.

Specifically, the report recommends:

- Guidelines should be issued for business on the conduct of anti-dumping policy and on how dumping margins are calculated.
- Lawyers from one side might be allowed to consider the confidential information supplied by the others as is the case in the US.
- The Commission should produce a report on the overlap between competition policy and anti-dumping policy; and in particular the anti-trust effects of price undertakings.

The report is also supportive of the EC's stand within Gatt, and urges an agreement that will tighten procedures. It predicts that dumping will become an increasingly important and contentious instrument of trade policy as world trade becomes more liberal.

But in the longer term, it argues that the rationale for anti-dumping measures *will* become increasingly tenuous, as companies become more global in their structure.

This global trend undermines the whole notion of a "domestic" industry, and therefore makes anti-dumping measures to protect that domestic industry spurious, the report says.

It urges policy makers to start thinking about a global competition policy to replace dumping measures, which it says would be more suitable to new economic realities.

**THE European Commission yesterday announced a formal investigation into claims that synthetic fibres of polyester from India and South Korean are being dumped on the EC market, Time Dickson writes from Brussels.**

**According to evidence tabled in Brussels by the International Committee of Rayon and Synthetic Fibres in the name of Community producers, imports from the two countries jumped from 299 tonnes in 1986 to 12,548 tonnes in 1989, including a 166 per cent increase between 1988 and 1989.**

**In the process, the combined Indian/Korean share of the EC market rose from 0.08 per cent to 2.84 per cent over the period, and is estimated on the basis of first-quarter figures to reach 4.68 per cent this year.**

**The complaint alleges "significant" dumping margins based on a comparison between export and domestic market prices in the case of India, and between export prices and a constructed price based on production costs plus reasonable profits in the case of Korea. These have enabled the importers to undercut EC manufacturers of similar products by between 17 and 25 per cent.**

# Gulf crisis depresses Suez Canal revenues

SUEZ canal revenues could drop by as much as 25 per cent if war erupts in the Gulf, Mr Ezzat Adel, chairman of the Suez Canal Authority warned this week, Shahira Idris writes from Ismailia.

Mr Adel said that if the crisis continued without war traffic would continue to be depressed. Earnings are expected to be down by about $150m (£76.5m) in 1991 from a figure of around $1.3bn this year.

Egypt, he announced at his headquarters in the canal city, would increase tolls by an average of 6 per cent from the New Year. The new levies match the projected world inflation rate for 1991. Mr Adel said the Gulf crisis would not delay a $1.5bn feasibility study financed by the Arab Fund and expected to be completed by April next year, for the second phase of the Suez Canal's redevelopment.

Egypt is considering widening and deepening the canal to accommodate 250,000-ton carriers, which currently use the Cape route.

# Paris and Washington ease tension over wine

TENSIONS have eased between France and the United States in a nine-month dispute over the discovery of traces of a fungicide, unauthorised in the US, in exports of some kinds of French wine, William Dawkins writes from Paris.

France has temporarily suspended threats to toughen the enforcement of import regulations on US food, in recognition of Washington's decision to allow free access for Beaujolais Nouveau, the popular red wine, 75m bottles of which was released onto the world market last week.

The US is expected to consume around 4m bottles of Beaujolais Nouveau this year, *worth $15m (£7.6m), according* to the Beaujolais growers' association.

The Fédération des Exportateurs de Vins & Spiriteuex de France welcomed the US move and hoped it would lead to a quick resolution of the problem, said a spokeswoman.

The US Food and Drug Administration (FDA) was *expected to decide on the* acceptability of Procymidone, the Japanese made fungicide which is the subject of the dispute, by early next year, she said.

That would be six months earlier than previously indicated by the FDA. Washington imposed the ban on the grounds that Procymidone is not approved by the FDA, even though it has been passed by the health authorities across the European Community.

Large amounts have been shown to contribute to cancer in laboratory animals.

The few French wines that did contain this fungicide used quantities well below the limits set by European wine producing countries. But in a gesture to US worries, French wine growers, including those in the Beaujolais region, have not used Procymidone on this year's crop.

The US curbs cost French wine exporters $25m in lost sales between March and July and threatened to hit them even harder in the traditionally strong autumn sales season.

After Britain, the US is the second biggest export market for French wine, accounting FFr3bn (£300m) of total exports of FFr23bn last year.

*France began considering* sanctions two months ago, when the US said it wanted to continue restrictions until the FDA had finished its tests. The European Commission is also understood to be considering a complaint at the General Agreement on Tariffs and Trade.

# BP hopes for Soviet deal on gas and oil

By David Marsh in Hamburg

BRITISH Petroleum hopes to announce before the end of the year an agreement on oil and gas exploration and production with the Soviet Union, Mr Robert Horton, the chairman, said yesterday.

Mr Horton said that BP, which was interested in activities in four different parts of the Soviet Union, had been negotiating both with individual republics and with central ministries in Moscow.

Mr Horton, speaking during a visit to Germany, stressed that BP would be taking a cautious line on investment in the *newly liberalised countries* of east and central Europe.

But he said that the company would be increasing the proportion of its $6bn (£3bn)-a-year capital investment flowing into the region.

Mr Horton made clear that east Germany would also be a significant investment target. BP hopes to build up a 10 per cent share of the petrol market there similar to its position in west Germany.

He estimated that investment east of the Elbe over the next few years at "several hundred millions of D-Marks".

BP this autumn opened a filling station in Dresden, rented under an agreement with the former state oil company and local authorities. This has double the sales of *BP's biggest* motorway service station in the UK.

East Germany is eventually likely to have a network of 2,500 filling stations, compared with 18,000 in west Germany and the roughly 1,300 often antiquated petrol stations which existed before German unification.

BP is also negotiating about possibly taking a stake in parts of the Leuna petrochemical and refinery complex near Leipzig.

The Bonn government, however, will first have to give an undertaking that it will take over responsibility for claims resulting from past environmental damage.

Mr Horton said BP was trying above all to establish itself *in east Germany's* transport fuels.

But it eventually wanted to build up its position there in heating oil, aviation fuels and liquefied petroleum gas.

# Moscow link-up for Ansaldo, Siemens

By John Wyles in Rome

ITALY's Ansaldo and Siemens of Germany yesterday took *their* recently-agreed partnership in power plant manufacturing a stage further, by linking up their separate joint ventures in the Soviet Union.

Siemens is to take an equity *stake in Ansaldo's partnership* with the Soviet Ministry of Energy, Energoengineering, which will see the construction of 27 gas-steam power stations involving the supply of 50 gas turbine units.

At the same time, Ansaldo will take a stake in Interturbo, the Siemens joint venture which will equip LMZ of Leningrad with the technology and manufacturing capacity to produce gas turbines.

The joint ventures involve the supply of Soviet electricity to Italy and Germany as a means of securing hard currency profits and repayment of credits.

It became clear yesterday that the previous existence of separate deals with the Soviet Union dictated last week's announcement by Finmeccanica, Ansaldo's parent company, that Ansaldo would make its debut in gas turbine manufacturing on the basis of Siemens technology.

The Italian-Soviet deal requires Ansaldo to share 50 per cent of the production with LMZ and so both companies *obviously need* to be using the same technology.

Finmeccanica said yesterday that the exchange of equity stakes had been proposed by the Soviet government. Siemens holds third place in the world league of gas turbine manufacturers, with an 11.4 per cent share after GEC-Alsthom's 14.2 per cent and Asea Brown Boveri's 11.6 per cent.

The Soviet requirements from its agreement with Italy are an equivalent to a 20 per cent growth in world demand between 1985 and 1989, which ran to 54,000 megawatts. The new plant which Moscow wants to build amounts to 11,000 megawatts, and 15 per cent of the resulting electricity production will be exported to Italy through power lines which are expected to run through Hungary.

No financial details of any of these agreements have yet been released and much detail has still to be worked out.

# Brazil drives down cruzeiro to aid exports

By Christina Lamb in Rio de Janeiro

BRAZIL'S central bank has effected a huge devaluation of its currency in an attempt to revive the country's exports.

A 45 per cent real fall in the value of the black market, or parallel, cruzeiro against the dollar and a 35 per cent drop in the official cruzeiro rate over the last two months represents a reversal in exchange rate policy. For the previous five months the central bank had been intervening to prop up the currency.

The devaluation began after September's trade figures showed the surplus had fallen by a third against the previous year's figure. On Tuesday the currency was devalued 7 per cent in a single day by central bank intervention after the announcement of October's trade figures – the worst since January 1987.

This year's surplus is now expected to be less than $10bn (£5.1bn), compared with $16bn last year. Analysts had been forecasting a negative balance for December if the September exchange rate persisted.

Although the exchange rate was made free floating in March, the central bank sold massive amounts of gold – estimated by traders to be in excess of $2.5bn between June and September – and used the dollars gained to flood the parallel market. This sent the cruzeiro soaring against the US currency.

*At the same time the* commercial rate was maintained to decrease the differential between it and the parallel rate. The plan had been to bolster confidence in the new government's stability initiative, as the margin between the two rates has always been regarded as a measure of the economy's health.

For a while it seemed to work. The credit squeeze caused by the high interest rate policy introduced in July and a second monetary squeeze in September forced people to bring in dollars from abroad, causing the rate to fall further until the parallel rate was within 5 per cent of the official rate.

But by October, the government could no longer ignore the policy's effect on exports, which traders had long been protesting were being priced out of the international market.

A strike by central bank workers halted market intervention, sending the dollar rate back up and with the October 3 congressional elections out of the way, the central bank began buying back dollars, causing the cruzeiro devaluation.

The change has caught the export sector unawares and it is now unsure whether to gear up to attack foreign markets again, fearing the central bank may switch back to its previous policy to prevent the devaluation spiralling.

# Ontario seeks cheap options to implement new social policy

## Bernard Simon on the NDP's first few months in power in the richest province in Canada

HAVING spent the first two months of its mandate making its peace with Ontario's business community, the only social democratic government in North America set out to show this week that it has not forgotten the blue-collar workers and social activists who helped put it in office.

Promising an "ambitious pace of change" in Canada's richest province, the New Democratic party government has laid out a programme which is bound to make some business people wonder whether their initial concerns about a left-wing government were not justified after all.

The programme, contained in a Speech from the Throne (the keynote policy statement of the legislative session) commits the government to raise the statutory minimum wage to 60 per cent of the average pay of a manufacturing worker within five years. Based on present rates, the increase would push the minimum wage from C$5.40 (£2.36) an hour (already the highest in the country) to C$7.60.

The speech promised tougher fair employment laws and stricter rules on redundancy notices and severance pay. A publicly-owned car insurance scheme *is in the pipeline, as is an environmen*tal bill of rights which will expand citizens' ability to start legal proceedings against polluters.

The giant provincial power utility, Ontario Hydro, has been told to stop work on new nuclear facilities. Money currently being spent on nuclear development – which has hitherto appeared to be the utility's preferred route of expansion over the next decade or two – will be diverted to what is billed as "the most comprehensive energy conservation and efficiency programme" ever undertaken in North America.

The NDP surprised even itself by sweeping the former Liberal government out of office in September in an election which Mr David Peterson, the former premier, was so sure of winning that he called it two years before the end of his mandate.

The new provincial leader, Mr Robert Rae (who has quickly become known simply as Premier Bob), has some powerful economic levers in his hands. *Ontario contributes 40 per cent of Cana*da's gross domestic product and just over half its manufacturing output. The province is home to the Canadian operations of the Big Three North American motor manufacturers and to scores of sizeable foreign investors.

Canada's provinces have wide powers. They control the school system as well as hospitals, most law enforcement, electricity supplies and a variety of welfare and corporate services.

The business community has been generally satisfied with Mr Rae's early performance. He has summed up his attitude towards foreign investors by saying that while the province is "open for business", it is also determined to negotiate the best possible deal for itself.

The new government quickly approved British Gas's C$1.1bn (£480m) takeover of Consumers' Gas, Canada's biggest natural gas distributor. And it settled a dispute with Varity Corp (formerly Massey Ferguson) over the farm-equipment maker's obligations under a 1982 bailout package.

Even the Throne Speech has a consolation for business. With the notable exception of a C$700m public works programme to create jobs, the NDP has so far avoided lavish new spending promises. Indeed, it has already withdrawn a commitment by the previous government to chip in C$55m towards a new ballet and opera house in Toronto.

Many observers expect the government to focus attention on those issues where it can implement its interventionist programme at lowest cost to the public purse.

Women's issues are an example. A policy paper leaked to local newspapers last week indicated that the government plans to expand abortion facilities and to crack down on protesters at abortion clinics. Eleven of the 26 members of Mr Rae's cabinet are women.

Robert Rae: powerful economic levers

Mr Gerald Caplan, a veteran NDP strategist, observes that such initiatives "don't offend the business community at all, and will stand well with a lot of people who didn't vote for us."

The full cost of the NDP's programme will become clear within the next month or two when the new provincial treasurer unveils his first budget.

A combination of recession, the drain caused by Toronto's debt-burdened new SkyDome stadium and new spending initiatives has already led the treasurer to predict a budget deficit of C$2.5bn this year, compared to the small surplus forecast by the outgoing Liberals. SA Murray Consulting, a Toronto lobbying firm, suggested yesterday that the shortfall could end up at more than C$3bn.

# Bolivian judges suspended by Congress

BOLIVIA'S lower house of Congress has temporarily suspended eight of the country's 12 Supreme Court justices in a move which could threaten political and economic stability, AP reports from La Paz.

The court, meanwhile, said it would consider annulling the 1989 elections and called on the armed forces to intervene. They declined, saying the conflict had to be resolved according to the constitution.

The Senate will now consider the judges' permanent removal. The Supreme Court is controlled by the opposition Revolutionary Nationalist Movement party.

Mr Tito Hoz de Vila, head of the congressional economic committee, said the conflict jeopardised the country's political and economic stability. General Hugo Banzer Suarez, a member of the ruling coalition, added democracy was in danger.

Two weeks ago the government said it would try eight justices for incompetence and illegality after they ruled that a beer tax authorised by Congress was illegal.

The government said the tax repeal threatened an economic stabilisation plan by limiting its right to tax and that the Supreme Court unlawfully acted in favour of beer companies.

Officials say the repeal could cost the Treasury at least $50m (£25.5m).

The Supreme Court replied *that it would consider a peti*tion presented in August last year by the Revolutionary Nationalist Movement party calling for the annulment of elections.

The court had not previously questioned the poll.

# Chamorro faces growing protest over top ministers

RIGHT-WING protests against the Nicaraguan government spread to the north of the country yesterday as President Violeta Barrios de Chamorro retabled talks with dissidents within her ruling UNO alliance who are demanding the resignation of senior cabinet ministers, Tim Coone writes from Managua.

Roads leading to important coffee-growing zones in the northern Nuevo Segovia province have been blocked by former Contra rebels. They have been encouraged by local mayors who identify with Mr Virgilio Godoy, the vice-president, and other hardliners within the UNO alliance that won last February's general elections.

The army was used last weekend to clear barricades along the 300km stretch of road to the provinces of Boaco, Chontales and Zelaya Sur. The barriers were set up by the right-wing Save Democracy Movement that wants President Chamorro to sack General Humberto Ortega, head of the army, Mr Antonio Lacayo, minister of the presidency, and Mr Carlos Hurtado, minister of interior. President Chamorro was due to meet leaders of the movement yesterday.

Left-wing trade union leaders warned this week that they "will use whatever means necessary" to respond to right-wing protests if they continue to spread.

Mr Hurtado *said on* Tuesday evening that a shadowy organisation was manipulating the dissident movement, creating "an extremely dangerous situation for the stability of the country and the government".

He said Mr Aristedes Sanchez, who was arrested last Thursday, was the principal leader behind the protests. None the less, Mr Sanchez was allowed to leave for the US on *Monday for "humanitarian rea*sons". He will receive treatment for a heart condition there and is free to return to Nicaragua, according to Mr Hurtado.

Mr Sanchez is an adviser to ex-Contra rebels.

# Chile's terrorists set sights on foreigners

By Leslie Crawford in Santiago

A WAVE of terrorist violence in Chile, which claimed its first foreign victim last weekend, has pushed the issue of law and order to the top of the political agenda.

A 36-year-old *Canadian*, who had arrived in Chile only two weeks earlier, was killed when a bomb concealed in a bat exploded during a softball game in Santiago's National Stadium. Two other Canadians, two Americans and a Chilean were seriously injured by shrapnel.

Earlier this month three British tourists and two US marines were injured when a bomb exploded inside a restaurant in the seaside resort of Viña del Mar.

The targeting of foreigners has added a sinister twist to *escalating violence since* President Patricio Aylwin took office in March. Mr Aylwin inherited two security problems – a hard core of left-wing extremists who refused to surrender arms when General Augusto Pinochet handed over power, and the dictatorship's disbanded secret police.

Both have a vested interest in destabilising Chile's young democracy, and police believe they are working in tandem.

The new government had no intelligence service of its own to fall back on. Building up a trustworthy security force has been one of the most delicate tasks facing Mr Enrique Krauss, interior minister.

Terrorism had previously been a largely home-grown affair; recent bombing of empty buildings and bank raids have been an irritant rather than a serious threat.

However, police believe the sophistication of the baseball bat attack points to the work of an international terrorist group.

The timing may be linked to US President George Bush's visit to Chile on December 6, but Mr Charles Guillespie, US ambassador, said the trip would not be cancelled.

The blast also coincided with a visit by a Palestine Liberation Organisation (PLO) delegation.

An anonymous caller *claimed* the attack on behalf of the PLO, but this was immediately denied by the organisation in Tunis. Chile's Palestinian community, the largest in Latin America, believes Israel's secret service wants to undermine its relations with Chile's new government. This has been denied by Mr Dani Mokady, Israeli ambassador in Santiago.

A campaign of violence could scare off foreign investment, which has been pouring in at more than $100m (£51m) a month, and is an essential ingredient in Chile's economic success.

# Salvadoreans reassured over attacks

By Tim Coone

EL SALVADOR'S armed forces claim to "have the situation under control" following a series of attacks against army positions by left-wing FMLN guerrillas over the past two days.

Colonel Rene Ponce, defence minister, told foreign diplomats yesterday, however, that the situation in the capital San Salvador might be "very difficult" during the next 72 hours.

A clandestine FMLN radio station said the attacks aimed to force the government into a more flexible position at the negotiating table.

If there was no response, the group would launch a general offensive "in the short- to medium-term".

The army said 12 soldiers had been killed and 75 wounded since the attacks began early on Tuesday morning. The FMLN claims to have killed 50 troops and destroyed six armoured vehicles.

Almost 100 civilians have been reported wounded.

Light skirmishes continued yesterday, but according to the army the guerrillas appear to be uncertain about how to proceed.

# Electricity companies switch on to sell-off

**David Thomas and Juliet Sychrava** on the price tag for Britain's latest privatisation

THE TURMOIL in Britain's ruling Conservative party yesterday overshadowed the unveiling of the issue share price in the country's 12 regional electricity companies.

The sell-off is likely to be the last of the Thatcherite privatisations, whatever the future of the prime minister. But Mr John Wakeham, the energy secretary, yesterday sought to dismiss the impact of the conservative leadership ballot on the electricity sale.

He argued that the conservative leadership rumpus has had no discernible impact on the market; assing that both leadership candidates supported the sale; and said Tuesday's leadership ballot had not impeded the successful completion of the underwriting.

Yet the fact remains that the offer yield - a weighted average of 8.4 per cent for the twelve companies - was fixed *before the current turmoil in* the government had settled down.

Government advisers have stressed throughout that they would pitch the yield by reference to those fixed for the privatisation of the water and gas industries, the nearest comparable utility stocks. As of Tuesday night, water's forecast yield was 7.6 per cent and gas's 7.1 per cent.

Compared with water the range of regional company yields is a relatively narrow one per cent.

The yields are staggered in order to create a level playing field by compensating with more generous yields those companies with weaker economic bases or less enthusiastic investor reaction.

The average yield of 8.4 per cent, however, may appear *high relative to water and gas.* But if the expected 10 per cent premium on the fully paid price for a privatisation stock is achieved, that would bring the electricity yield down to 7.6 per cent - precisely in line with that of water. If the shares do go to a 10 per cent premium the companies should end the first day of trading at *364p, City analysts expect.* But how the companies initially perform will be constrained above all by the relative performance of water and gas shares, and by local investor demand.

Both water and gas shares are currently trading near the top of their range, making electricity a very attractive buy, according to analysts.

*The analysts, however,* expect early switching into electricity to narrow the spread between the utilities.

Since institutions will initially be short of stock, analysts expect the regional companies to begin trading in a narrow band. In addition, both the top and bottom ends of the yield range will be squeezed by *switching from the comparable* water companies.

But, most brokers agree, the yield spread will ultimately broaden, as institutions begin to distinguish between individual companies and particularly the managements, which are still unfamiliar.

An important pointer will be how each company's senior management handles the round of electricity supply contract negotiations due in the first half of next year.

Differentiation will probably occur more quickly than with the water companies, which are harder to judge as they are still managing a heavy investment programme.

Certain companies have been identified as mavericks likely to move away from their current position in the league table of yields.

Most brokers agree, for example that Seeboard - the electricity company supplying southern England - should have had a higher yield but was aggressively priced because local demand for the *shares was expected to be* strong.

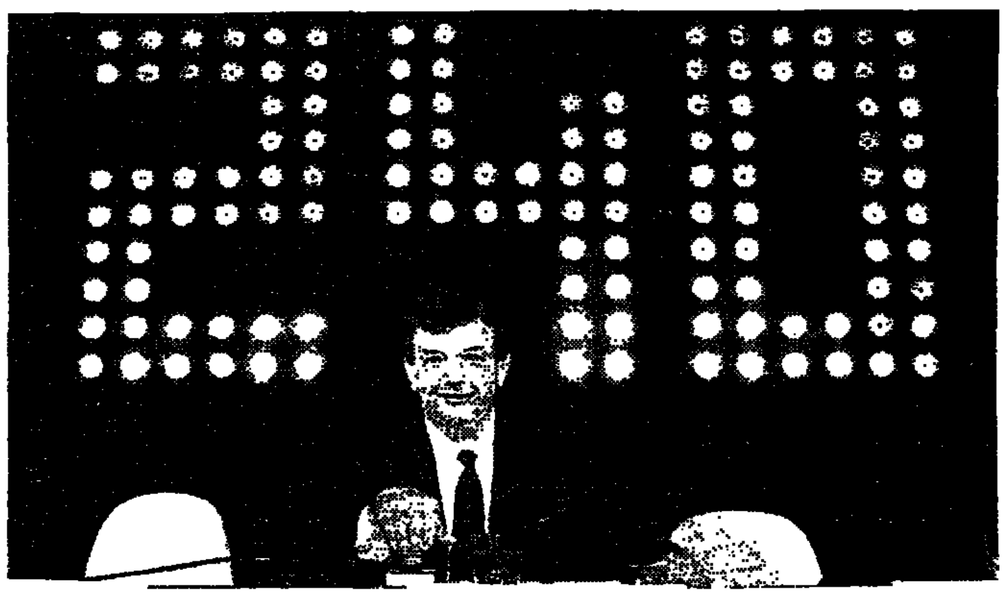
Northern, on the other hand, should have had a higher yield, but had to be priced within the one per cent band for political reasons.

The price of Northern, some analysts belives, could fall further.

Yorkshire, generally the most popular company, is expected to outperform, but a number of brokers also believe South Wales has been undervalued, and that Manweb will slowly be perceived as less high-risk than its yield implies.

Overall, brokers expect the yields to move down, in line with the historic trading range of the water companies. Despite the much-publicised view that electricity will trade above water and below gas, a strain of City opinion now *claims electricity will settle at* the same level, or even below, water.

Lex, Page 20



## Share issue gets a showbiz launch

THE City shrugged off the leadership turmoil in the government yesterday by underwriting the £5.2bn flotation of the 12 regional electricity companies, writes Clare Pearson and David Thomas.

Mr John Wakeham, energy secretary, confirmed a 240p common share price for the sale, which has proved one of the most controversial and tortuous of all the government's privatisations. The energy secretary announced the price at a showbiz-style launch (pictured above) in a London hotel, where an electronic screen flashed up the 240p.

He announced that 7.3m people had registered their interest in buying shares in the flotation. It marks the first leg of the sale of the electricity industry, which is expected to be the last privatisation aimed at small investors.

The shares have been priced to provide an average dividend yield of 8.4 per cent, which is intended to be in line with the expected yield of 7.6 per cent on the water companies.

The electricity companies have so far spent £66.5m on the privatisation. The cost to the government, which is likely to run into hundreds of millions of pounds, has not yet been published.

Observer, Page 18; Privatisation analysis, Page 21

## BRITAIN IN BRIEF

### Nissan to raise output by 45%

Nissan, the Japanese car maker, is planning to increase output at its north of England assembly plant by 45 per cent next year to 110,000 cars from 76,000 in 1990.

Nissan Motor Manufacturing (UK), the Japanese group's UK subsidiary, said that it was planning to export around 70 per cent of output chiefly to continental European markets, but also to other overseas markets including Japan and Taiwan.

Nissan is planning to export around 10,000 cars a year from its UK assembly plant to Japan and Taiwan, the first move by a Japanese vehicle maker to ship cars from Europe to Asia. Exports to Asia will begin next year.

### Herbert Smith cleared

City solicitors Herbert Smith has been cleared of professional misconduct by the Solicitors' Complaints Bureau following a complaint made by the Department of Trade and Industry about its representation of the Al Fayed brothers during their 1985 takeover of the House of Fraser.

The issue was referred to the Law Society in March by the Trade and Industry Secretary following criticism of Herbert Smith in the DTI inspectors' report on the House of Fraser takeover.

### Recession fear for Scotland

The Scottish economy, which has been performing better than that of the UK as a whole in recent months, is now moving towards recession, the Fraser of Allander Institute said. The Glasgow-based institute, which is Scotland's economic forecasting body, shows that a majority of manufacturers are pessimistic about their prospects, with export sales weakening, partly because of the high rate of sterling.

### Apprenticeships abolished

Traditional apprenticeships have been abolished by ICI Chemicals and Polymers, Shell and Associated Octel in an experimental joint venture to improve the quality and calibre of young technicians and chemical process operators in Cheshire, north-west England.

Instead the companies have launched a new type of "technical studentship" for 16 to 18-year-olds to combine a broader range of full-time education and industrial training.

### Business in the north-east

Business confidence among medium-sized unquoted companies in north-east England and Cumbria has plunged since the summer but a sharp difference in investment intentions has emerged between businesses with under 20 employees and the rest.

A survey of 200 businesses for Investors in Industry (3i), the investment bank, by Graham Bannock and Partners, has revealed that 65 per cent of small companies still plan to increase investment, against 58 per cent of larger companies planning to cut investment back.

Optimism has declined, however, in the six months since the last survey. Then, 56 per cent were forecasting sales increases, compared with 40 per cent now.

### Construction orders fall

Construction orders placed with British contractors fell sharply during the three months to the end of September, according to figures published by the Department of the Environment.

The figures show the recession in the construction industry deepened during the summer.

Orders during July, August and September were 7 per cent lower than during the previous three months and 14 per cent lower than during the corresponding period last year.

### Working class definitions

A High Court judge is being asked to decide whether, as a matter of law, the working classes still exist.

The issue has arisen because Westminster City Council wants to be able to sell 532 flats in Pimlico to anyone living or working in the area.

The Duke of Westminster's Grosvenor Estate, which leased the land to the council, accepts that sitting tenants with long leases can buy the freeholds of the flats but objects to the council's plan to grant long leases to new tenants.

The Duke and his fellow trustees of the Estate contend that the council is still bound by a covenant in the 1937 lease that the flats can be used as "dwellings for the working classes."

Duke of Westminster: owner of Grosvenor estate

The Conservative-controlled council, headed by Lady Porter, argues that "dwellings for the working classes" no longer has any meaning because, it contends, society today is, for housing purposes, classless.

The Estate's response is that the covenant is still effective on the basis that the phrase "working classes" is to be construed as meaning "persons in the lower income group."

### Unit trust investment low

Trading in unit trusts returned to a more normal pattern last month after two successive months of very heavy dis-investment in units and substantial net outflows of funds from the industry.

Some £653.8m worth of units were bought by investors in October compared with only £511m in September and £593m in August.

The level of investment, however, is very much below the average monthly investment experienced in the first seven months of this year.

### Redundancies for architects

More than a quarter of British architects are being forced to make substantial redundancies as a result of the recession in the construction industry, according to a survey published in the Architects Journal.

A third of the companies revealed that turnover had fallen by between 10 per cent and 30 per cent and workloads had declined by between 20 per cent and 40 per cent in many instances. Twenty six per cent of those interviewed said they were making compulsory redundancies. Almost half of companies expected a further fall in turnover next year.

### TV satellites for sale

Shareholders of BSkyB, the merged satellite television company, are willing to sell British Satellite Broadcasting's two high power satellites to another user for a fair price.

A senior executive at Mr Rupert Murdoch's News International, which owns 50 per cent of the venture formed from BSB and Sky Television, says there is no question of "sterilising" the satellites so that they cannot be used by a potential competitor.

### Man held on finance charge

A man was has been arrested on suspicion of offences under the Financial Services Act, following an investigation by the Stock Exchange's insider dealing group.

The man, who was not named, was later released on police bail until January 16. The Stock Exchange said he was suspected of offences under section 47 of the Act, which covers false markets and market manipulation.

The arrest is believed to be connected with allegations of an illegal "bear raid" on the shares of Erskine House, the office equipment distributor, in August.

### Tour company in receivership

American Airplan, a small tour company specialising in low-cost flights to the US, has gone into receivership. About 50 holidaymakers at present in the US on holidays booked through the company will be able to continue their holiday under the bonding scheme operated by the Association of British Travel Agents.

The company's collapse is the latest in a series of failures among travel companies, although poor management and marketing were blamed for American Airplan collapse.

### Equity in protest on ads

The production of television commercials may be disrupted from January because of a boycott by Equity, the actors' union. The union is protesting at an attempt by employers to change agreements on fees for repeat showings.

Advertising agencies and clients believe the growth of satellite and cable services, may escalate fees substantially.

Employers said they believed that fees for established actors taking part in advertising campaigns on independent television might rise from about £7,000 per advertisement to about £25,000 if the agreement is not changed.

### Ava Gardner mementoes sold

Film fans turned out in force to spend well over £300,000 on mementoes of the late star Ava Gardner. They thronged Sotheby's New Bond Street saleroom in London to bid for the furnishings and contents of her elegant London home.

The sale totalled £346,065, well in excess of the estimates. Sotheby's are also to sell the actress's jewellery next month and they had expected the combined sales to total between £400,000 and £600,000.

### Chelsea football ground threat

Liverpool's Kenny Dalglish clinching the 1986 first division championship against Chelsea at Stamford Bridge

The future of Chelsea Football Club's Stamford Bridge ground in London was in doubt yesterday after Mr Chris Patten, the secretary of state for the environment, reinstated planning permission to replace the ground with houses, flats and offices.

The decision was a setback for Mr Ken Bates, the chairman of Chelsea Football Club, which made a £30m offer for the site on Monday. Mr Bates has planning permission for a rival development scheme, including hotel, leisure centre and apartment block, which would keep the club on the site.

هكذا من الأصل

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# PM's defiance threatens bloody conflict

*IT looks like civil war.* Mrs Margaret Thatcher's defiant decision yesterday to ignore the advice of the Conservative party's grandees threatens the bloodiest conflict seen in British politics for a generation.

Many on both sides – the sensible rather than the deeply partisan – believe that at the end of the conflict it may be impossible to heal the wounds. The party inherited either by Mrs Thatcher or by Mr Heseltine will be totally split. The government may well find that it is impossible to govern.

It was this spectre that persuaded many at Westminster yesterday – including a majority in her cabinet – *that Mrs Thatcher should* have rescinded her decision to fight on.

An MP who had voted for her on the first round, but had resolved to switch to Mr Heseltine on the second, put the case. If Mrs Thatcher withdrew there would be a "gentlemanly" contest between Mr Heseltine and either Mr Douglas Hurd or *Mr John Major*. Whoever emerged victorious would invite the *loser to join his cabinet. The* party would thus have a platform to reunite on.

It was a perspective shared widely by the MPs who scurried through the corridors of Westminster, consulting friends, giving their views to party managers, and chatting to journalists.

*Senior ministers in Mrs Thatcher's* government – who came to sit beside her in the Commons yesterday afternoon – said the perspective was shared also by the chancellor and foreign secretary.

Both thought the prime minister should stand down. But neither was prepared to quit her cabinet to force her. *Once they decided that – and* they remained as usual in close telephone contact – there was little point in refusing to act as her sponsors.

Nor was it clear how many of the other cabinet ministers who filed one by one into the prime minister's room at Westminster were prepared *to tell her* what they were telling each other.

*Most believe she should* go. It is far less certain how many were brave or foolhardy enough to interrupt her exposition of how she intends to run her campaign.

From the prime minister's camp the perspective could not have been more different. She is a fighter, we were told again and again. She had *won more votes than Mr Heseltine*. Why should she, rather than he, step *aside?*

The "men in grey suits" who thought the prime minister should withdraw for the sake of party unity were treated with angry contempt. The campaign managers who told her that she would lose in a second *straight fight with Mr Heseltine* found themselves out of their jobs.

Mrs Thatcher's position was helped by a split in the executive committee of the backbench 1922 committee. When it met yesterday morning, loyalists tried to preempt any attempt to force her hand by proposing instantly that it should advise Mr Heseltine to withdraw.

The meeting ended inconclusively. *The message delivered to Downing* Street by Mr Cranley Onslow, the chairman of the 1922, carried no clear recommendation. It said only that the general view among Tory MPs was that Mrs Thatcher should allow other contenders from the cabinet to enter the race. She ignored it.

It was left to Mr Tim Renton, the *chief whip, and* Mr Kenneth Baker, the party chairman, to tell Mrs *Thatcher that* the mood in *her* party was shifting farther from her.

Lord Whitelaw had already passed on his view – that Mrs Thatcher should make a dignified exit – to Mr Renton. Many Tory MPs had told the chief whip and party chairman that *they wanted someone else to stand* against Mr Heseltine, preferably Mr Hurd or *Mr Major. We* can only guess as to how forcibly they were prepared to put that case.

From Mr Norman Tebbit came the view that she could win and win convincingly next Tuesday. The organisation of her campaign had been *the weakness in the first* round. Mr John Wakeham was *promptly given charge of what will* be a strengthened and expanded team.

For many watching from the sidelines all of this was unreal. "It is not about numbers," one minister said. "It is about salvaging something from all this."

He was pessimistic about the *chances* of that. Mrs Thatcher is expected to turn the next few days *into a battle for the soul of the Con*servative party.

As she said earlier this week, she regards Mr Heseltine as a corporatist and an interventionist who would wreck her inheritance. He is also, in the prime minister's view, a *European federalist, who would sub*merge Britain's sovereignty and *identity in a European super state.*

That is what she is fighting for. Yesterday she also revealed that she has not lost her political instincts, when she agreed that she would consider further concessions on the poll tax. But if she wins she may well *find it impossible to unite* her *party.*

It is thought that Mr Hurd has *already extracted promises that*, if she wins, the cabinet will decide on the policy towards Europe which Mrs Thatcher will take to next month's intergovernmental conference on economic and monetary union.

Some of Mr Hurd's colleagues doubt the value of any such commitment. *Mrs Thatcher's vision of* Europe – of co-operation among *powerful sovereign states – is not* one that for long remains susceptible to neat Foreign Office compromises.

If Mr Heseltine wins – and if his demeanour yesterday is any guide he is extremely confident – the hopes for unity will be greater. He, *at least*, will offer a fresh face, a boost in the opinion polls, a chance *for the Conservatives to shape* events rather than react to them.

He will also face an embittered minority who will see him as the traitor who assassinated the prime minister who had given the party three successive election victories.

**Philip Stephens**

# Wakeham to lead survival campaign

MR JOHN WAKEHAM, *the* man now entrusted with leading the campaign to save Mrs Thatcher's political life, has always been there when his prime minister has needed him. She will require his calm, *determined temperament* more than ever before over the next few days.

Mr Norman Tebbit, variously described as the Prince of Ponders End and the Chingford skinhead, is better known *for putting the* boot in. His bare-knuckle approach to the rough *and tumble of political* controversy has little in common with Mr Wakeham's reflective style. But Mrs Thatcher is hoping that, together, they will make a winning team.

Mr Wakeham is *the man* said to have "risen without trace" through the ranks of Mrs Thatcher's successive governments. Though his standing in the political hierarchy has apparently waned on occasions, he has remained a close, loyal and supportive lieutenant of the prime minister. He has Mrs Thatcher's unqualified trust and affection and the feeling is *mutual*.

The energy secretary, unceremoniously bundled into that post to make way for Sir Geoffrey Howe as leader of the Commons and Lord Privy Seal, was largely unknown before the Brighton bombing which killed his wife and permanently injured him.

He was first elected to the Commons in 1974. After spending *five years on the back*benches he was made a junior whip on the election of Mrs Thatcher as prime minister, and by the summer of 1983 he had become *chief whip*. He described his role as "stopping *Her Majesty's* government doing silly things."

Mr Wakeham became leader of the Commons and then *Lord* President of the Council in 1987, and was made energy secretary this summer.

He is said to be "good with the prime *minister*", *spending* hours arguing her out of fixed positions and doing it without a hint of impatience. According to one colleague: "You have to work hard to quarrel with John".

*Not so* with Mr Tebbit, who is not best known for his contemplative style. A former chairman *of the Conservative* party and cabinet minister, Mr Tebbit has been called the "last Thatcherite".

He has had his ups and downs with *Mrs Thatcher over* the years and, after Mr Nigel Lawson resigned as chancellor in 1989, warned the prime minister that it was "dangerous for a captain to appear semi-detached from the team".

*Last year* he led what ended as a minor revolt over government's plan to admit Hong Kong residents into Britain.

But above all he remains *loyal to Mrs Thatcher's* political creed and shares her combative style.

**Michael Cassell**

# Business as usual at the nation's front counter

A SMILING Mrs Margaret Thatcher swept into the Commons yesterday to give a studied "business as usual" display *from the government front* bench. It underlined her determination to cling to the office of prime minister.

Her account of the formal ending of the Cold War at the Paris conference on security and co-operation was delivered in confident tones which belied the strife raging among Conservative MPs over securing her removal from 10 Downing Street.

Mr Neil Kinnock, the Labour leader, optimistically adopted the style of a prime minister in waiting. Today he launches a debate in *the Commons* on a "no confidence" motion which, if carried, would dismiss Mrs Thatcher and her entire government from office.

*His decision not to gloat over* Mrs Thatcher's current difficulties did not deter Mr Paddy Ashdown, leader of the Liberal Democrats. There were some *shouts of "shame" from the* government benches when Mr Ashdown referred to the forthcoming conference of European Community leaders on political *union and insisted: "It cannot* be good for our country to be represented by a prime minister who has lost her authority and a government that has lost *its way*".

He acknowledged, however, that Mrs Thatcher's contribution to the improvement in east-west relations was some*thing she could* regard with a certain pride and satisfaction as she looked back on the "twilight days of her premiership".

The prime minister hit back by recalling that in the 1970s Liberal MPs had kept a minor*ity socialist* government in office "for many, many months, indeed years".

Mrs Thatcher claimed that the "first 11½ years" of her period of office as prime minister had not been so bad, and, taking up Mr Ashdown's reference to "twilight", she said: *"Please remember that there* are 24 hours in a day".

Thatcher loyalists on the government benches vied with each other to volunteer glowing testimonials, headed by Mr Toby Jessel (Twickenham), *who announced that the execu*tive of his constituency party wanted her to carry on as prime minister.

Mrs Thatcher assured him: "I *want exactly what you* want".

A shopkeeping analogy came from Mr Geoffrey Dickens (Littleborough and Saddleworth), who, in welcoming Mrs Thatcher's return "in triumph" from Paris, said he had to report that "one or two people have been tampering with the *stock in your absence*".

The prime minister was happy to agree that "stock control" was vital to the running of any successful business.

*An independent tribute to* Mrs Thatcher was provided by Mr James Kilfedder (UPUP, North Down) who described her as "the most eminent *prime minister of the century*".

Invited by Mr Roger Knapman (C, Stroud) to continue to "bat for Britain", the prime minister readily agreed to do *so, saying: "It requires great* strength and great resolve – and I believe this government has both and will continue to have".

Mr Tony Banks (Lab, Newham NW) delivered the final verdict on the prime minister's performance from the Labour benches.

He said: "The whole House will admire her guts, although *I am not sure they will look* very pretty when they are spread out over the floor".

**Ivor Owen**

# Heseltine back on the trail with barely a pause

MR Michael Heseltine's campaign moved back into action almost as soon as the first round was over.

A final trawl through the Westminster lobbies just after 11pm on *Tuesday* night was followed by a radio interview before 8.30 yesterday morning.

He took the opportunity to move the campaign on by criticising the *immediacy of Mrs* Thatcher's announcement that she would stand in the second round. "I would not have done that," he said.

"*We are talking about* whether the cabinet has a role in the way this government is run, whether the elder, experienced voices in the party who *often play a big role behind* the scenes could not have had a chance to explore the options and take the temperature."

In arithmetical terms, if Mr *Heseltine can persuade just* 18 of Mrs Thatcher's 204 supporters not to vote for her, he will have deprived her of the necessary winning minimum of 187 – *just over half the 372 Tory* MPs who make up the electorate.

For his own victory next Tuesday, he must add 35 to his *cause.*

Mr Michael Mates, his campaign manager, said that some of the MPs who supported Mrs Thatcher in the first ballot *would switch loyalties.*

"I think he's going to get some more votes in the second round. I have been told so by MPs," he said.

Although Mr Mates refused to discuss the numbers that might be involved, there were reports that even by the end of yesterday morning 10 MPs who voted for Mrs Thatcher in the first round had told Mr *Heseltine's campaign team* that they would vote for him next time.

*Mr Tim Raison, the former* cabinet minister, said he believed that the 16 abstentions in the *first* round would also tend to go to Mr Heseltine next week.

Inevitably, the Heseltine campaign was in lower gear for much of yesterday, when *it* was not clear whether the second round would be against Mrs Thatcher or against a new "stop Heseltine" candidate – *with Mr John Major, the chan*cellor, being most frequently mentioned as a possibility.

The next critical test will be today's debate on the Labour *party's censure motion* on the government.

With Mrs Thatcher set to perform a set piece, some of Mr Heseltine's key supporters have been *urging him* that this is an ideal opportunity to demonstrate his prime ministerial qualities and skill at attacking the Labour party, and to help prevent a mood building up in the prime minister's support.

But his advisers were also conscious that it would not necessarily be to his advantage to take part in what would effectively be a public competition with Mrs Thatcher.

In spite of the claims of both teams that MPs were coming *over to them, the view of some* MPs campaigning *for* neither was that Mrs Thatcher's support was "haemorrhaging" to Mr Heseltine.

Others agreed that Mr Heseltine would lose some votes of those who had tried to force a second ballot for a wider choice of candidate, but believed that those were more likely to turn into abstentions rather than votes for Mrs Thatcher in the second round.

The momentum created by Mr Heseltine's campaign so far seems to be working to his advantage. *"He just needs to* do more of the same," commented one MP.

**Alison Smith**

# Rumour follows rumour down in the tea room

**Alison Smith** taps the Westminster barometer

THE political barometer *swung wildly through*out the day at Westminster yesterday, with rumours of resignations and candidacies being overtaken almost as soon as they were heard.

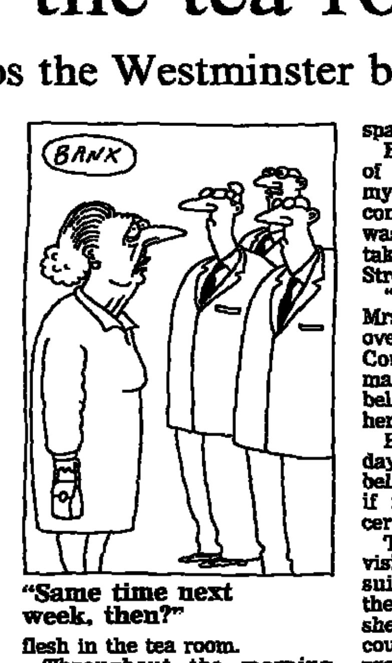
Amid the fevered discussions *of who had been to see whom* and to what avail, the crucial question for right-wing *MPs* was whether Mrs Thatcher, or someone else, particularly Mr John Major, the chancellor, was the most effective candi*date to stop Mr Michael* Heseltine.

"She's the only person who can beat Michael Heseltine – that's the mood in the tea room this morning," commented one loyalist MP who *became an MP in* 1987.

Others from the same intake, however, said *they believed* that while, if Mrs Thatcher stood, she would win, "she won't walk it". They talked wistfully of a potent anti-Heseltine *campaign* centred on Mr Douglas Hurd, the foreign *secretary, or Mr Major*, "it doesn't matter which".

Others believed that the fault in the first round lay not with Mrs Thatcher but with her campaign. Even before the appointment of Mr John Wakeham, the energy secretary, in place of Mr George Younger, as *the campaign manager* there were signs of a change of tactic.

"We forgot we were politicians, we have to persuade people," said one. "This time we have to go round and talk to people, find out why they voted how they did." Proof of *the change of mood came* when Mrs Thatcher went straight from her afternoon statement in the Commons to press the flesh in the tea room.



"Same time next week, then?"

Throughout the morning there had also been strong indications of a pro-Major campaign. "There's a good current running in favour of Major," *said one loyalist minister*. "I'm just not sure that it's good *enough to enable him to* stand."

By early afternoon, with reports of crowds in Downing Street and a meeting between Mrs Thatcher, the party managers and her own campaign managers, even some of her high-profile supporters were *talking in terms of her stand*ing down in the next round, to have some *say* in determining the succession.

"I'll vote for her *if* she stands again," said one, adding unenthusiastically "and I'll campaign for her. But if there's a serious chance that she would be defeated, *I think that many* of her friends would want to spare her that."

But the despondent *verdict* of one close colleague – "In *my judgment, she's likely* to continue with the contest" – was swiftly followed by unmistakeable tones from Downing Street.

"I *fight on, I fight to win*," Mrs Thatcher said on her way over to the Commons. In *the* Commons chamber, she also made it clear that she did not believe she was at the end of her political life.

*But at Westminster these* days MPs are getting used to *believing six impossible* things if not before breakfast then certainly before dinner.

The prospect of a terminal visit from the "men in grey suits", *the representatives* of the party who would tell her *she must go, was finally* discounted after her nomination, proposed by Mr Hurd and seconded by Mr Major, had been confirmed.

Only then did MPs accept that she would not be resigning yesterday *evening*. For some, angry at the way she *had crippled the potential* chances of Mr Hurd and Mr Major, that result was accepted with less equanimity than the end of the Thatcher era about which they had been happily speculating just a few hours earlier.

Both among the undeclared *and in the Heseltine camp* by yesterday evening the common reaction was: *"If she's stand*ing, then Michael's won."

But as the mood swung from "set fair" for Mr Heseltine to "stormy" there was only one consistent forecast: the political temperature would con*tinue to rise as fast* as it has been doing this past week.

# Calm prevails as sterling gains 2 pfennigs

FINANCIAL markets reacted calmly yesterday to the uncer*tainty about the outcome to* the Conservative leadership election. *Sterling* strengthened by more than 2 pfennigs during the day, while gilt and equity prices moved up.

Mr Nick Parsons, group *economist at Union Discount*, a discount house, said: "There is only one way you can view a stalemate, and that is with equanimity."

Other onlookers said Britain's decision last month to *join the European* exchange rate mechanism (ERM) had helped to underpin the value of sterling, preventing a slide.

"Without the ERM, we could have been in a sterling crisis," said Mr James Barty, an econo*mist at Morgan Grenfell*, a merchant bank.

*He* said Britain's membership of the mechanism, by providing fixed limits for sterling, had "lent credibility" to the pound in the eyes of foreign investors.

*Sterling closed last night in* London at DM2.9175 against *the German* currency, compared with just over DM2.89 the previous evening after the result of the Tory leadership ballot had been announced.

*Against the dollar*, the pound closed at \$1.9685, slightly above Tuesday night's level. The London stock exchange took its cue from the firmer pound, with the FT-SE index closing at 2,126.3, up 11.1 on the previous night's close.

The current effective floor for sterling within the ERM is about DM2.84. Many foreign exchange traders, however, *believe Britain will soon* switch from its 6 per cent band within the mechanism to a 2.25 per cent band. That has encouraged traders to invest in forward contracts that gamble on the sterling exchange rate in several months' time, effectively adding to the pressure holding up sterling's value.

*Yesterday's holiday* in Germany, and the prospect of today's Thanksgiving celebrations in the US, reduced the level of world trading in foreign currencies, *contributing* to market calm.

*In the gilt-edged securities* market, prices edged up, with the December long-gilt future contract being quoted last night at 85.30, as against 85.09 *yesterday morning*. The increase in gilt prices was driven by evidence of recent weeks that Britain is in a recession and that the 14 per cent base rate will come down soon, decreasing gilt yields.

"*The economic situation* is overwhelming, and this is what the markets are concentrating on," said Mr David Mackie, a bond analyst at J. P. Morgan, a US bank.

**Peter Marsh**

**How the markets have reacted**

# Mixed grilling from the jaws of media 'sharks'

*THE PRESS* has had a very mixed Conservative leadership campaign. You can take your choice of leaders and front page leads to cover almost every eventuality from Thatcher to Heseltine and Hurd and even further – *on the* wisdom of having a leadership contest *for a sitting prime minister* in the first place.

*For Paul Johnson* in Saturday's Daily Mail it was the press itself that was the target.

"Something dark and sinister has been overtaking large parts of the British media during the past week – a paranoid determination to get rid of the prime *minister at* any cost, or *at* least damage her beyond repair," said *the former editor of the New States*man.

*It* was not, he conceded, a conspiracy, merely a rush of the Gadarene swine towards the cliff, an excited, mindless mob instinct of journalists trying to make a good story more sensational.

"A feeding-frenzy of media sharks who believe they have tasted blood" and who are out to Get Thatcher," wrote the journalist notorious for understating his case.

Lord Rees-Mogg, former editor of The *Times, chairman of the Broadcasting* Complaints Commission and columnist *for The Independent saw things quite* differently.

Journalists, he argued, have very little influence over the outcome of an election where the electorate totals 372 fairly sophisticated voters, although they may be influenced by public-opinion *polls warning* of the threat to their seats if the current management of the *Conservative Party survives.*

"No one is the least interested to know how journalists who do not have a vote would vote if they had one," said Lord Rees-Mogg.

"Weep your eyes out, Peregrine Worsthorne and Andrew Neil. Your leading articles, composed with such loving care, do not have as much influence as *a sneeze in a thunderstorm*," the columnist argued.

*At the weekend*, Lord Rees-Mogg did some old fashioned reporting. He called as many Conservative MPs as he could reach, and correctly identified an important groundswell of opinion moving *in Michael Heseltine's favour*. Three hours before Wednesday's announcement, his political nose was sniffing the air and detecting a move back to Mrs Thatcher which led him to pronounce a Thatcher win but not one big enough to avoid a second ballot.

One of the most interesting aspects of the national press coverage has been the lack of unanimity of the Murdoch press, even though Mr Rupert Murdoch, chief executive of The News Corporation has been for many years a devoted admirer of Mrs Thatcher.

Both The Sunday Times and Today came out in favour of Mr Heseltine. Under the headline The End For Lady Luck, Today argued that it would be in *the best interests of its readers if Mrs* Thatcher went now. And The Sunday *Times bid Mrs Thatcher* "a reluctant farewell."

The Times, however, presented The Case For Thatcher, and The Sun unveiled The Adulterer, The Bungler and *The* Joker behind the Heseltine campaign before arguing on Tuesday that it would be wrong for the nation to find itself with a prime minister who was not even in the government team at the time of the last general election.

"It is wrong for the Tories. It is wrong for the country. It is breaking faith with the electorate," said The Sun.

The only certain winner on Wednes*day* – at least according to itself – was the Press Association, the UK news agency.

Chris Moncrieff, the PA's legendary political editor, filed the real story – the result – *from outside* committee room 12 to newspapers and broadcasters around the country at 6.32 and 46 seconds. He was 17 seconds ahead of Independent Television News and no less than 51 seconds ahead of the BBC.

**Raymond Snoddy**

## UK NEWS – THE CHALLENGE TO THATCHER

On call: The prime minister's close confidants were at No 10 Downing Street yesterday. From left, her husband Denis, Mr Norman Tebbit, of her campaign team, and the right-wing Tory MP, Mr Tony Favell

# Grey mood at Number 10 relieved by men in coats of many colours

MRS Margaret Thatcher returned to Number 10 at 11.54 yesterday morning, smiled through gritted teeth and quickly went inside, writes Richard Lapper.

She spent the next three hours closeted with advisers before reiterating her commitment to stand in the second round of the election for the leadership of the party. "I fight on, and fight to win."

The men in suits were in and out of Downing Street all day yesterday. None was counselling despair, but enthusiasms appeared muted. Mr Norman Tebbit, who spent well over 2½ hours with the prime minister, had told reporters that Mrs Thatcher "has already made her intentions . . . very plain." The mood at Number Ten, said Mr Tebbit, was "blue-suited".

A grey-suited and silent Mr John Wakeham, the energy secretary, and Mrs Thatcher's new campaign manager, had left Downing Street at about 2.30pm, holding his right arm limply aloft in an apparent gesture of triumph, and giving a thumbs-up sign to reporters. Mr Wakeham arrived shortly after Mr Tebbit at 12.20 and spent just over two hours with the party leader,

Earlier, Mr Tony Favell, MP for Stockport, and Mr John Major's former parliamentary private secretary, who resigned after Mr Major took sterling into the ERM last month, paid a quick call to Mrs Thatcher to deliver a letter. "You needn't ask what's in it," he said. Mr Favell, who is sympathetic to the No Turning Back group of MPs, and an opponent of ERM membership, quipped "definitely no turning back".

Other visitors included Mr Timothy Renton, the chief whip, and Mr George Younger, who later announced that he had resigned as Mrs Thatcher's election campaign manager for business reasons.

Outside, the mood was distinctly funereal, with bouquets of flowers, assorted tradesmen and retainers arriving and leaving with steady regularity. Mr Dennis Thatcher, sporting a grey suit and a brown trilby, left Number 10 briefly, before shambling back at just before 2.40. Shortly afterwards a van arrived to deliver a leather armchair.

A cold afternoon became colder and it began to drizzle. Just after 3pm, with the expectation mounting about an imminent appearance by Mrs Thatcher, two plumbers in blue boiler suits left Downing Street and walked towards Whitehall carrying a gold-painted ballcock. "Even the toilets have stopped working," noted one reporter.

BACKBENCH DIVISIONS

# Some Thatcher supporters begin to waver

UNMISTAKABLE cracks in the prime minister's support were appearing yesterday as loyalist backbenchers expressed increasing doubt about her ability to reunite the Tory party.

Mrs Thatcher's uncompromising decision to fight on, and the receding possibility of a third candidate entering the second ballot, have alarmed some of her staunchest supporters. Yesterday they urged her to stand down.

Mr Andrew Hunter, Tory MP for Basingstoke, yesterday wrote to the prime minister, urging her not to continue, while Mr Roger King, MP for Birmingham Northfield, said such a decision might be the "best thing".

The public statements of two backbenchers who have hitherto expressed their solid commitment to Mrs Thatcher are strong indicators of the agonising which is rife among Tory backbenchers.

On the simplest calculation, Mr Michael Heseltine needs to switch only 18 votes from Mrs Thatcher if his leadership challenge is to succeed. It became clear yesterday that some MPs who voted for Mrs Thatcher in the first ballot were now considering transferring their support, although they were reluctant to air their views publicly.

However, the feeling building up among Tory backbenchers is that the current nightmare of disunity must be brought to an end as soon as possible.

Mr Hunter would not confirm that he was one of those who would switch his vote. However, after describing himself as "one of the prime minister's staunchest supporters over the years", he went on to praise Mr Heseltine's campaign and predict that the former defence secretary would win a second ballot.

"I have the greatest regard for Michael Heseltine. He has emerged absolutely clear, clean and blameless and run an exemplary campaign. If it comes to a second ballot, he will win, and deservedly."

In his letter to Mrs Thatcher, Mr Hunter told her she had lost credibility after the first ballot and called on her to withdraw from the contest.

"The question to pose is whether she can unite the party were she successful in the second ballot. I do not believe she can unify the party now," he said.

However, Mr Hunter also expressed the disappointment widespread among Tory MPs that no other candidate had emerged.

Alan Harper

Right side of the law: Mr Heseltine at his office yesterday

Voicing his support for Mr Douglas Hurd, the foreign secretary, as the best possible candidate, he said: "Douglas is the man who could unite the party and lead us to victory."

Mr Conal Gregory, Tory MP for York, the most marginal seat in the country, was uncommittal about his voting intentions, but said support in his constituency party for the two candidates was divided.

However, he said he had found much concern, particularly among younger members, that Mr Heseltine was better than Mrs Thatcher at presenting the Conservatives as the party of Europe.

Mr Gregory would not rule out voting for a third candidate, but echoed the pervasive anxiety over how damage the contest was inflicting on party unity.

"I hope that one of these two candidates can swallow their pride and decide in the interests of party unity not to press this to another election," he said.

Mr John Bowis, Tory MP for Battersea, voted for Mrs Thatcher in the first round, but after the result was declared, he urged her to reconsider.

However, some Tory MPs' support for the Prime Minister remains unswerving.

Mr Donald Thompson, MP for Calder Valley, said yesterday: "I voted for Mrs Thatcher in the first round and I am still committed to Mrs Thatcher."

**John Mason**

# Labour attempts to break from sidelines

## Opposition MPs are restive as Tory infighting diverts public attention, says Ivo Dawnay

LABOUR'S decision to force today's "no confidence" debate aims at causing maximum discomfort to the Tory government at its hour of greatest disarray.

Nobody doubts that with 372 votes the Conservatives can easily defeat the motion, regardless of who is party leader.

Some Tories argue that Labour has made a significant tactical blunder that will serve only to unite the party.

That argument has been examined by their opponents. However, Labour's strategists have concluded that using the device now – for the first time since January 198[illegible] – will allow them to highlight the divisions in the government and remind voters that there is an alternative government in waiting.

The move comes after considerable internal debate over how to respond to the turmoil of the Tories' leadership struggle.

Initially, party managers were content to allow the Tories' power struggle to dominate the headlines. As the infighting has continued, some Labour MPs have expressed disquiet at their party's disappearance from public view.

"People have been beginning to ask why we aren't doing anything," one left-wing MP said yesterday. "The impression is going out that voters must simply choose between Thatcher or Heseltine." There was also a growing fear that Labour could be upstaged by the Liberal Democrats filling the vacuum by tabling an "early day" motion of no confidence.

Although that is a purely nominal device which does not require debate on the floor, it could have snatched the initiative and left Labour looking sluggish.

"The Tories may all troop through the same lobby to vote, but nobody is going to be fooled that they are a united party," a close Kinnock aide said. "Part of our message is: 'It doesn't matter who leads the Tories, they are all responsible for the mess we are in.'"

It was admitted, however, that forcing the debate would defuse potential criticism that the party was not doing enough to exploit the Tories' agonies.

In his statement announcing the decision to force a debate, Mr Neil Kinnock, the Labour leader, gave notice of the debating points he intended to make.

"Whatever the outcome of the current election in the Conservative party, a substantial proportion of that party will continue to have no confidence in whatever leader is chosen," he said.

Mr Kinnock reiterated the point yesterday morning, insisting that if Mrs Thatcher and Mr Heseltine passed through the same lobby it would be "an essay not in unity, but in hypocrisy".

Nonetheless, there is considerable interest as to how Mr Heseltine will respond to the debate. One of his aides hinted that it might be politic to avoid active participation to dodge the inevitable barracking that would ensue.

Other supporters believe that it could prove an ideal electioneering platform for their man to show off his abilities to the detriment of Labour's best electoral interest, which is the political survival of a badly wounded Mrs Thatcher.

In either case, Mr Kinnock is well aware that by opting for a debate, he is exposing his own leadership qualities for examination just as much as those of his opponents.

WORLDWIDE REACTION

# Mixed opinions shown by the world's media

TWILIGHT for Mrs Thatcher? That was the tentative forecast yesterday offered by a New York Times editorial, writes Lionel Barber from Washington. It declared that her narrow failure to win endorsement as party leader was a "towering failure for a sitting prime minister with a towering world reputation."

The Washington Post remained cautious. Mrs Thatcher's inadequate victory over Mr Michael Heseltine left her "severely weakened" and on the defensive. But, like most of the rest of comment and analysis in the US media, the Post declined to speculate on the ultimate fate of Mrs Thatcher, one of America's staunchest allies over the past decade.

The striking impression is how little thought the US has given to what life would be like without Mrs Thatcher in Downing Street. The press and television remains preoccupied with the Gulf crisis, and news of the Conservative party leadership battle has had to compete Mr Bush's tour of Europe, and the Gulf.

Slowly, however, it has begun to sink in that if Mrs Thatcher departs, the US will lose its most steadfast European ally against President Saddam Hussein of Iraq. Even if British policy does not change, the tone probably will.

Profiles of Mr Heseltine have begun to appear, although many tend to dwell on his handsome looks rather than his actual views on Europe and industrial policy.

The Wall Street Journal avoided comment yesterday, but a lengthy analysis concluded that "a united Europe" was the big issue that split the Conservative party and led to Mr Heseltine's bid to topple her from the leadership. The message was clear: "Churlish attitudes towards European economic integration have become a political liability."

Reaction elsewhere in the world ranged from horror at the prospect of the Iron Lady being toppled, to relief that someone more sympathetic towards Europe might get in to Number 10.

"She is a colourful headline figure," said one German editor. "Mrs Thatcher has given us many beautiful headlines."

If Mrs Thatcher was looking for inspiration from continental Europe, she could do worse than turn to Mr Hans Hermann Tiedje, editor of Germany's top-selling daily newspaper, Bild.

Mr Tiedje said yesterday: "I believe she will survive. She will come through. If she can get through the winter, she could even stay for another legislature period."

Mr Tiedje's tip was that "Mrs Thatcher will try to save herself through a foreign policy event" – a war with Iraq. "If the balloon goes up in the Middle East, the English will be involved. Her popularity will explode. And immediately afterward, she will call a general election."

Meanwhile, the Belgian press was yesterday predicting her imminent fall from power.

The only clear winner so far, said La Libre Belgique, was Europe. There are men in her cabinet, "who are calmer and more phlegmatic than those who have resigned to protest their European faith and who continue, gently and with discreet patience, to bring the UK closer to the continent".

In the French press, Mrs Thatcher was officially promoted to the pantheon of those worthy to be compared with General Charles de Gaulle.

Mr Michael Heseltine, meanwhile, will have to content himself with the more modest end of the comparison. "Mr Heseltine has acceded to the rank of statesman by the single fact of having made the Iron Lady stumble," said Le Monde, the left-of-centre paper.

Japanese interest in the torments of the Tories surged after the results of the ballot were reported, but it did not last long. In a country where prime ministers typically have little power and are often kicked about by the ruling party, there was no great shock at the travails of Mrs Thatcher.

The conservative Yomiuri Shimbun, Japan's largest newspaper, devoted much space to explaining the arcane voting procedure and concluded that the Heseltine snowball would grow.

The Asahi Shimbun, the most liberal of the leading national dailies, said that the result of the ballot made it inevitable that her prestige would fall and her influence in international affairs would decline, even if she survived.

But by late last night, the story had been relegated to a minor item on television news programmes.

"With regard to twilight, there are 24 hours in a day."

**Mrs Margaret Thatcher responding to claims her premiership is in its twilight**

'I would not have done that. We are talking about whether the Cabinet has a role in the way this Government is run, whether the elder experienced voices in the party who often play a big role behind the scenes could not have had a chance to explore the options and take the temperature.'

**Mr Michael Heseltine on the prime minister's quick declaration she would stand**

'Out of the 152 who voted for him I think some voted in the prospect, not of great enthusiasm for Michael, but with the prospect that someone else would come forward. I think his vote might well flake away.'

'The Prime Minister's decision to go ahead on the second ballot is justified and correct. It would be an extraordinary proposition that the winner on the first ballot should stand down.

'The party wants to unite behind a leader. They will unite behind the leader. That leader will be Margaret Thatcher.'

**Mr Kenneth Baker**

'She may be having the odd chat but there is no orchestrated move to make her change her mind.'

**Sir Marcus Fox**

'It looks as though Heseltine is liable to win the Tory leadership. That seems the most rational judgment.'

'I do not think it will make much difference. His lead in the opinion polls is likely to be short-lived. He will go for the earliest possible election, before things start going wrong and he is unmasked. Confidence in him will then be seen to be unfounded.'

**Mr Paddy Ashdown**

'I don't think you can stop an avalanche half way.'

**Mr David Howell**

'I have taken soundings and there are MPs who supported Margaret Thatcher in the first round who will support us now. I think he's going to get some more votes in the second round. I have been told so by MPs.

'All I know is that the tide is moving our way and I am very pleased.'

**Mr Michael Mates**

'It is far more likely that people will switch from her to Michael Heseltine, rather than the other way round. I would guess that the people who abstained would tend to go to Mr Heseltine.'

***Mr Timothy Raison***

'Colleagues would like a wider choice and it would help to clear the air more than if it were left to the two to slug it out at the OK Corral next Tuesday.'

'If she sticks to her decision it may be that she could win - whether she could win convincingly, that is the big question mark.'

**Sir Geoffrey Johnson Smith**

'I am sure that no Cabinet colleague will stand against the Prime Minister and I don't see anyone else coming forward either.'

***Mr Cecil Parkinson***

'It is quite clear that in a choice between Michael Heseltine and the prime minister she got 55 per cent of the vote. We have a fight on our hands, but I believe she will make that fight.'

**Mr Nicholas Bennett**

BUSINESS LAW

# Wide gaps in EC and US merger control regulations

By Raymond Calamaro, Chuca Meyer and Helen Lawson

CORPORATE executives and lawyers familiar with the premerger notification and reporting obligations of the US Hart-Scott-Rodino (HSR) Act may find the EC's new merger control procedures hauntingly familiar in some respects and quite a surprise in others.

Since its enactment in 1976, the HSR Act has become a significant aspect of US transactions and of non-US transactions in which the parties have significant US sales or assets.

*The Act requires parties to* file HSR Forms with the US antitrust agencies – the Federal Trade Commission (FTC) and the Department of Justice (DOJ) – and to observe a prescribed waiting period before completion of a proposed transaction.

The EC's new notification and approval system also requires that a form, called Form CO, be filed and that a waiting period be observed before completion of certain transactions. However, the information required and the practical approach taken by the two systems vary widely.

Under the EC process, it is less clear whether a filing is required, but if it is, much more information must initially be supplied. This is perhaps the most significant difference between the EC and US procedures. For example, Form CO asks for the sort of economic, legal and financial analysis demanded by the dreaded US "second request", which comes only if an initial HSR filing raises antitrust concerns.

The EC reporting thresholds are very different from those in the US and are set at a much higher level. This will probably generate far fewer filings in Brussels than are required under HSR; predictions are for between 25 and 200 filings per year, *compared with 4,272 HSR* filings representing 2,262 transactions in fiscal year 1989.

In addition, however, in certain cases where the Merger Regulation does not apply, parties to proposed EC-related transactions must also comply with the national antitrust laws (including premerger notification requirements) of member states where these exist.

Both EC and US systems have a threshold test of applicability based on the size of the parties, but HSR also has a second test, not found in the EC process, *based on the size of* the transaction. This "size of transaction" test triggers a filing before specified amounts of assets or voting securities may be acquired, acquisition of which may or may not confer control.

Instead of including an objective "size of transaction" test, the Merger Regulation applies to certain "concentrations", which include a merger, the acquisition of direct or indirect control of an entity, a merger-like joint venture, certain cross-shareholdings between corporations and certain joint acquisitions of an entity with the object or effect of dividing up the assets.

Control for the purposes of the Merger Regulation will be defined factually on a case-by-case basis, resulting in a much more subjective test.

*The burden imposed by time* pressures will be that much greater on everyone involved in an EC-related transaction because of the filing deadlines. The entire Form CO and exhibits (20 copies of the Form and 15 copies of all documents) must be submitted within one week of the conclusion of an agreement, the announcement of a public bid or the acquisition of a controlling interest, whichever is earliest.

The HSR Act imposes no similar time limits, but it does require that filings must have *been made and approval* obtained before the transaction is consummated.

Preparing a Form CO will be expensive. Its questions are similar in many respects to the interrogatories in an HSR Second Request and the typical cost estimates for compliance with a Second Request can be up to $1m or more, with typical legal fees ranging from $150,000 to $600,000.

Although the cost estimates for the Second Request include more extensive identification and production of documents, even if the costs for Form CO are only a significant percentage of these figures they will add considerably to the overall costs of the transaction. Requests by the Commission for additional information could raise costs to a level approaching those of a Second *Request.*

Unlike Form CO, the HSR Form does not put the onus on the parties to define the relevant product and geographic markets and to provide all the other information necessary for a full antitrust analysis. Instead, HSR requires minimal product information, based on Standard Industrial Classification Codes, often of little assistance in a substantive antitrust analysis.

Consequently, the DOJ and FTC staffs are required to do far more work in gathering the *information* they need and in analysing the proposed transaction, without the benefit of work already performed by the parties.

Form CO includes an important provision which may help to reduce some of the work potentially involved in completing the notification. If a party is unable to respond to a question in part or in total, it can indicate this and give its reasons, and if it believes that part of the information required by the form is not necessary for the Commission's analysis, it can ask the Commission to dispense with the obligation to provide that information.

This provision is similar to the statement of reasons for non-compliance that those filing HSR Forms may submit when they are unable to pro*vide certain data, although the* FTC Premerger Office staff do not have the authority to allow a party to exclude information merely on the basis that it is not necessary to the agency's review.

From a practical standpoint, one of the strengths of the HSR system is the willingness of the DOJ and FTC staff to answer questions and provide guidance on the interpretation of the complex HSR rules and regulations.

If a Second Request is issued by one of the agencies, US officials are generally willing to discuss modifications to tailor what is often a very standard document to the particular companies and industries involved and to alter their interrogatories and document requests so as not to place an undue burden on the corporations involved.

One can infer from the EC's discretionary provision, as well as from the public and private statements of the officials in the Commission's Merger Task Force, that the EC officials take a similar attitude. They have expressed a willingness to make themselves available to answer questions, provide information and consider requests to exclude certain information in specific cases. This will be particularly important in the early years of the new EC process.

Since so much highly sensitive information is included in a Form CO and an HSR Form, confidentiality is an important issue. All information filed pursuant to the HSR Act is strictly confidential, is exempt from the US Freedom of Information Act and may be made public only in an administrative, judicial or congressional proceeding. Even the making of a filing and the approval of a transaction are kept confidential in the US.

In *contrast*, the Merger Regulation provides that the Commission, after taking into account the need to protect business secrets, will publish the fact that a transaction has been notified and the results of any investigations it conducts into particular transactions. Information covered by professional privilege submitted to the Commission may not be disclosed.

The instructions accompanying Form CO do allow a party to designate certain portions of its submission as business secrets, giving reasons why the information should not be published, if it believes it *would* be harmed if the information is divulged.

Neither the EC nor the HSR system limits the filing obligation to entities headquartered within its territory. Thus, the two systems could apply simultaneously to the same transac*tion.*

Sir Leon Brittan, the EC Competition Commissioner, has proposed that an EC/US treaty or other co-operation system should be established to avoid unseemly jurisdictional disputes and to discuss certain issues of common concern.

It would be very desirable for some sort of informal co-operation system to be established while a formal agreement of this type is negotiated. Now that the Merger Regulation is in force, it will *not be long* before a sizeable transaction in the EC or elsewhere will require filings in both the EC and the US, bringing into sharp focus the differences discussed here.

*The authors are attorneys in the US law firm of Winthrop, Stimson, Putnam & Roberts.*

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## A cold wind offshore

Hotels and tourism will off practice, RMJM, is demonstrat- of eastern Europe that should gladden the hearts of work-starved architects in the UK. There is enormous interest and enthusiasm for younger British design talents in Japan. One architect, Mr David Chipperfield, has just completed three important projects in Japan: the Gotoh Museum in the Chiba Prefecture of Tokyo, the headquarters in Okayama of the Matsumoto Group, and a design store in Tokyo. Mr Nigel Coates, an amusing and radical designer, has found an outlet for his design fantasies in night clubs and restaurants in Tokyo. The high regard which British architects and designers receive abroad makes architecture and design a potential export leader.

There is another area where architects have a great deal to offer: some members of the profession have been in the vanguard when it comes to green issues and the design of "sustainable" environments. Research and development of architectural ideas concerned with energy saving and production are well advanced. The work of a body such as the National Energy Foundation or the Milton Keynes Development Corporation deserves to be broadcast more widely.

For the time being it looks as though the best of British architectural thinking is for export, but it is to be hoped that recent important decisions showed an 18 per cent fall in total construction orders in the second quarter of the year, which was described as the most serious decline for a quarter of a century.

There has been a fall of some 25 per cent in inquiries to the RIBA's clients advisory service and when it comes to small works, which are the serious bread and butter for much of the profession, the decline has been as much as 35 per cent during the first six months of 1990.

There is also the added difficulty for architects caused by the relatively recent introduction of fee bidding in a competitive market. When market forces really bite there is the danger of architect eating architect as rivals allow bids on jobs to fall below RIBA recommended scales in the anxiety to secure work.

The RIBA and Carmargue Communications now publish quarterly figures called "RIBA Leads" which show that private sector non-housing commissions fell by 23 per cent during the second quarter of 1990 and housing commissions fell by the same amount.

Forecasts show that the office market is likely to fall an additional 20 per cent in the next twelve months and a 15 per cent drop is anticipated in the retail market and a 10 per cent drop in the industrial sector. Demand for new houses is expected to drop by some 15 per cent in the same period.

Geographically the recession appears to be spreading from the South East to the Midlands and the North although Scotland continues to be healthy with an increase in workloads of 22 per cent in the second quarter.

This is probably due to a more mixed approach to business in Scotland where partnerships between the public and private sector seem to be more common and successful than in other regions.

The architectural profession is always the first to suffer when recession hits the property and construction industry and current fears about the future seem justified. Barclays property development is clearly serious. The inability of County Hall Development Group to raise the finance for the redevelopment of London's County Hall on a prominent Thames-side site is only one highly visible sign of the loss of confidence in the over-supplied London office market.

The high cost of building labour costs (annual growth some 9.5 per cent according to Barclays) and increasing costs of overheads affects architects as well as the developers. The recent lowering of interest rates is expected to be of modest help to developers but is unlikely to lift the clouds of gloom descending over architects' offices.

Although times are changing rapidly for the worse, the combination of a competitive climate and a rapidly growing workload which emerged during the recent property explosion made architects more aware of the need to absorb up to date business and management techniques.

New markets for skilled architects are opening up. The architectural market has become global and the potential for designers in the recovery and redevelopment of eastern Europe is enormous.

The best British architectural firms have a good competitive edge in Europe. Design skills and originality have exported well to Europe and Japan. Sir Norman Foster, famous for his Hongkong & Shanghai Banking Corporation Headquarters in Hong Kong and soon to be more famous in the UK for his splendid new Stansted Airport, is busy in Japan and Europe.

As his "Mediathèque" – new kind of media centre – nears completion in Nîmes he has been invited to make a new master plan for the whole city. In Bilbao he has designed the new underground railway system and in Bordeaux he is planning a Business Centre. Mr James Stirling has plenty of work in Germany and is extending the Brera art gallery in Milan. In Lyons there are plans drawn up by Fairhurst of London and Manchester for a £30m business park, in collaboration with French architects Ageca.

One of Britain's best younger architects, Mr Ian Ritchie, has just completed a beautiful small pharmacy near Amiens. Even the French government approves of British architects. Mr Rock Townsend and Mr Robert Macdonald were singled out in a recent French housing ministry competition to design an area of Paris public housing.

In Frankfurt British developers MEPC are planning a major office development using British architects Sidell Gibson. Spain offers enormous opportunities – 30 large retail schemes are in the pipeline. At houses and castles in that country. There is scope for considerable business applying some of the lessons that have been learned in the struggle to keep and repair historic buildings in Britain.

Hotels and tourism will offer enormous opportunities. An important British architectural practice, RMJM, is demonstrating the end of the cold war by designing a large golf and country club on the river in Moscow.

Another British firm Jestico Architects has taken the imaginative step of exchanging staff with a Hungarian practice to learn the ropes in their respective countries.

## Deeper and wider

realising the long term pot tial of the large market.

In the eastern sector of Berlin a prominent British firm, Thorpe Trent is working on a 300,000sqm business park. Teams of British architects are now visiting Prague helped by the Czech architect Mr Jan Kaplicky of Future Systems who has long been exiled in the UK. In the next few months Mr Richard Rogers, Mr Terry Farrell, Mr Nicholas Grimshaw and Mr James Stirling will have the chance to see one of Europe's finest surviving Baroque cities.

The Seifert Group is working on two hotels, The English Court and the Rossiya in Moscow and on two large commercial developments in Budapest and the eastern sector of unified Berlin. The hotel project in Moscow is in an historic building overlooking Red Square and will provide visiting businessmen with a club-like atmosphere and residential accommodation.

It is in the area of the rescue and repair of historic buildings in eastern Europe that the British can offer a real lead. Recently, an official British delegation led by Mr John Harris visited Czechoslovakia to advise on the future of the great heritage of country Chiba Prefecture of Tokyo, the headquarters in Okayama of the Matsumoto Group, and a design store in Tokyo. Mr Nigel Coates, an amusing and radical designer, has found an outlet for his design fantasies in night clubs and restaurants in Tokyo. The high regard which British architects and designers receive abroad makes architecture and design a potential export leader.

There is another area where architects have a great deal to offer: some members of the profession have been in the vanguard when it comes to green issues and the design of "sustainable" environments. Research and development of architectural ideas concerned with energy saving and production are well advanced. The work of a body such as the National Energy Foundation or the Milton Keynes Development Corporation deserves to be broadcast more widely.

For the time being it looks as though the best of British architectural thinking is for export, but it is to be hoped that recent important decisions about infrastructure in London will involve the design professions at an early stage.

In view of the the growth the London Docklands Enterprise Zone and the architectural

## An outside interest beyond gloating

Hotels and tourism will off practice, RMJM, is demonstrat- of eastern Europe that should gladden the hearts of work-starved architects in the UK. There is enormous interest and enthusiasm for younger British design talents in Japan. One architect, Mr David Chipperfield, has just completed three important projects in Japan: the Gotoh Museum in the Chiba Prefecture of Tokyo, the headquarters in Okayama of the Matsumoto Group, and a design store in Tokyo. Mr Nigel Coates, an amusing and radical designer, has found an outlet for his design fantasies in night clubs and restaurants in Tokyo. The high regard which British architects and designers receive abroad makes architecture and design a potential export leader.

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Workload figures recently issued by the Royal Institute of British Architects show a sharp fall, and Department of the Environment figures showed an 18 per cent fall in total construction orders.

## Loss of trust

There has been a fall of some 25 per cent in inquiries to the works, which are the serious bread and butter for much of the profession, the decline has been as much as 35 per cent during the first six months of 1990.

There is also the added difficulty for architects caused by the relatively recent introduction of fee bidding in a competitive market. When market forces really bite there is the danger of architect eating architect as rivals allow bids on jobs to fall below RIBA recommended scales in the anxiety to secure work.

The RIBA and Carmargue Communications now publish quarterly figures called "RIBA Leads" which show that private sector non-housing commissions fell by 23 per cent during the second quarter of 1990 and housing commissions fell by the same amount.

Forecasts show that the office market is likely to fall an additional 20 per cent in the next twelve months and a 15 per cent drop is anticipated in the retail market and a 10 per cent drop in the industrial sector. Demand for new houses is expected to drop by some 15 per cent in the same period.

Geographically the recession appears to be spreading from the South East to the Midlands and the North although Scotland continues to be healthy with an increase in workloads of 22 per cent in the second quarter.

This is probably due to a more mixed approach to business in Scotland where partnerships between the public and private sector seem to be more common and successful than in other regions.

The architectural profession is always the first to suffer when recession hits the property and construction industry and current fears about the future seem justified. Barclays

Amiens. Even the French government approves of British architects. Mr Rock Townsend and Mr Robert Macdonald were singled out in a recent French housing ministry competition to design an area of Paris public housing.

In Frankfurt British developers MEPC are planning a major office development using British architects Sidell Gibson. Spain offers enormous opportunities – 30 large retail schemes are in the pipeline. At Seville's Expo '92 the British pavilion by Mr Nicholas Grimshaw looks as though it will be the most exciting on the site.

Eastern Europe has its problems for British firms – language, bureaucracy and funding to name but three – but many architectural practices are approaching the challenge in highly enterprising ways, realising the long term potential of the large market.

In the eastern sector of Berlin a prominent British firm, Thorpe Trent is working on a 300,000sqm business park. Teams of British architects.

## Silent receiver

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It is in the area of the rescue and repair of historic buildings in eastern Europe that the British can offer a real lead. Recently, an official British delegation led by Mr John Harris visited Czechoslovakia to advise on the future of the great heritage of country Bank forecast in September that by the end of the year some 30,000 building firms will file for bankruptcy.

The decline in speculative property development is clearly serious. The inability of County Hall Development Group to raise the finance for the redevelopment of London's County Hall on a prominent Thames-side site is only one highly visible sign of the loss of confidence in the over-supplied London office market.

The high cost of building labour costs (annual growth some 9.5 per cent according to Barclays) and increasing costs of overheads affects architects as well as the developers. The recent lowering of interest rates is expected to be of modest help to developers but is unlikely to lift the clouds of gloom descending over architects' offices.

Although times are changing rapidly for the worse, the combination of a competitive climate and a rapidly growing workload which emerged during the recent property explosion made architects more aware of the need to absorb up to date business and management techniques.

New markets for skilled architects are opening up. The architectural market has become global and the potential for designers in the recovery and redevelopment of eastern Europe is enormous.

The best British architectural firms have a good competitive edge in Europe. Design skills and originality have exported well to Europe and Japan. Sir Norman Foster, famous for his Hongkong & Shanghai Banking Corporation Headquarters in Hong Kong and soon to be more famous in the UK for his splendid new Stansted Airport, is busy in Japan and Europe.

As his "Mediathèque" – new kind of media centre – nears completion in Nîmes he has been invited to make a new master plan for the whole city. In Bilbao he has designed the new underground railway system and in Bordeaux he is planning a Business Centre. Mr James Stirling has plenty of work in Germany and is extending the Brera art gallery in Milan. In Lyons there are plans drawn up by Fairhurst of London and Manchester for a £30m business park, in collabo-

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## TECHNOLOGY

David Fishlock looks at Royal Dutch-Shell's R&D strategy based on customer-contractor relations

# The subtleties of a balancing act

The customer-contractor relationship is the foundation stone of research and development management in the Royal Dutch-Shell group, says Harry Beckers, research co-ordinator. "Sometimes I hate it but overall it works well," he declares.

The ebullient Dutch-born Beckers is one of Europe's best-known industrial R&D managers; a former chairman of the European Industrial Research Management Association. He talks, for example, of the electronics industry "killing itself with innovation". He came to the post in 1977, making an auspicious start by stopping a big biotechnology research project to make single-cell protein feedstuffs from natural gas.

Today Beckers rules an international research empire of 15 laboratories in eight countries, with nearly 7,000 staff – about 5 per cent of Shell's employees – spending £450m a year. His overriding aim is to keep the R&D budget stable but to spread the effort more widely to encompass more of Shell's interests in natural resources, which nowadays span more than 120 countries. He inherited four central research laboratories and now has eight, with pressure growing for another in the Far East.

The customer-contractor relationship may be Shell's most important scientific invention. According to Beckers it began after a chairman in the 1960s lost patience with the way his managing directors simply rejected the parts of the research programme which did not interest them.

The late Lord Rothschild, as Shell's research co-ordinator in the 1960s, invented it as a way of persuading the businesses to commit themselves to specific projects, as part of a planned R&D programme. As Lord Rothschild defined it: "The customer says what he wants; the contractor does it [if he can]; and the customer pays."

But this simple statement enshrines a formula Beckers has been refining for more than a decade, to ensure that it never becomes a paymaster-servant relationship between the customers and the scientists. The relationship must be an equal partnership with the research contractor exercising, in the words of one observer, "powerful influence as an arbiter and mediator, and as a controller of last resort".

It works as follows: his customers are several hundred Shell operating companies all over the world. The contractor is a service company called Shell International Research Maatschappij (SIRM), managed by Beckers. SIRM sub-contracts R&D to the laboratories and determines the programme, timing and cost.

But SIRM also functions as an intelligent customer on behalf of the group, inasmuch as it has an overview of the whole business and its technological needs. It can debate research issues, interpret results and relay them in appropriate form back to the customers. The corporate objective is a common pool of technical knowledge into which any of its customers can confidently dip.

Beckers works on a two-year R&D planning cycle, planning for one year and appraising the next. Helped by three senior research managers he sorts out proposals and where the R&D shall be done. He treads a fine line between planning in too much detail ("leading to a frightening bureaucracy") and too little ("giving me too much freedom"). Policing the programme, he says, is "almost more important than deciding how much R&D".

But Beckers is working within another important constraint. Shell's managing directors set the ceiling – the total R&D budget – no matter what individual businesses may wish to spend. Resisting demands for more R&D when business is booming can put strains on the system no less than axing projects that are ailing. "I have to warn people I neither have a lot of rabbits to pluck out of the hat, nor can I stuff them back in when business turns down," he says.

As an industrial research manager, Beckers believes that improving existing products and processes is more important than inventing new ones: "70-80 per cent of our R&D is improving," he says. It is a view that brings him into conflict with professors who fail to understand the commercial importance of improvement. The Japanese understand it only too well, he points out.

SIRM also audits the group's research programme. It sponsors long-range research, which accounts for 10 per cent plus/minus 2 per cent of the total budget "depending on whether we have good ideas". But Beckers expects his customers to pay for what he calls exploratory research, up to 25 per cent of their outlay on the specific R&D for which they are contracting.

His eight central research laboratories are spread among five European countries, with three in The Netherlands and two in the UK. The biggest, Koninklijke/Shell Laboratorium in Amsterdam (KSLA), specialises – as might be expected – in chemistry. It began as a test lab for oil products in 1915 but dispersed activities to other central laboratories during the 1980s. It now employs about 1,400.

Managing KSLA for the past two years is Dirk van der Meer, a chemical engineer who previously directed Shell Oil's Houston laboratory. He sees his mission as giving his R&D customers a competitive edge. But KSLA cannot function in isolation, even within a research body as big as SIRM. He has no doubt that it must keep close to academia; and that means allowing his own staff to publish freely, if he is to pick up the best talent and leads, and so maintain KSLA's own competitive edge.

Working for Shell Oil in Houston, van der Meer was one of KSLA's sponsors. Now he is reaping the benefits of a big restructuring undertaken in the 1980s by Alan Abbott, his predecessor. In particular, he says, Abbott made KSLA strong in information technology. But Beckers has transferred major KSLA activities to other central laboratories: chemical engineering to another Dutch laboratory at Rijswijke; agricultural and life-science research to Sittingborne, Kent; materials and corrosion to Arnhem.

Such shifts are all part of a never-ending process of keeping the workload of the central laboratories well balanced, and responsive to changing demands. For KSLA, van der Meer says one result has been a sharp increase in the "knowledge density" with a higher proportion of scientists to support staff. "Productivity has increased enormously."

Harry Beckers once worked in planning, a department he is convinced has served Shell well through such crises as the 1973 oil price increase and the 1986 oil price collapse. Nowadays, Shell trades in gas, coal, metals, chemicals and forestry, as well as oil. "By working with planning scenarios and involving our operating companies in the planning process we see that the operating companies are more alert to faint signals from the world around them which may point to changes."

One of the main tasks of research, he contends, is to bring its strategy into line with the business strategies, so that the R&D programme meets fully the technological needs of today and tomorrow. A better product or a more efficient process is a guarantee of success.

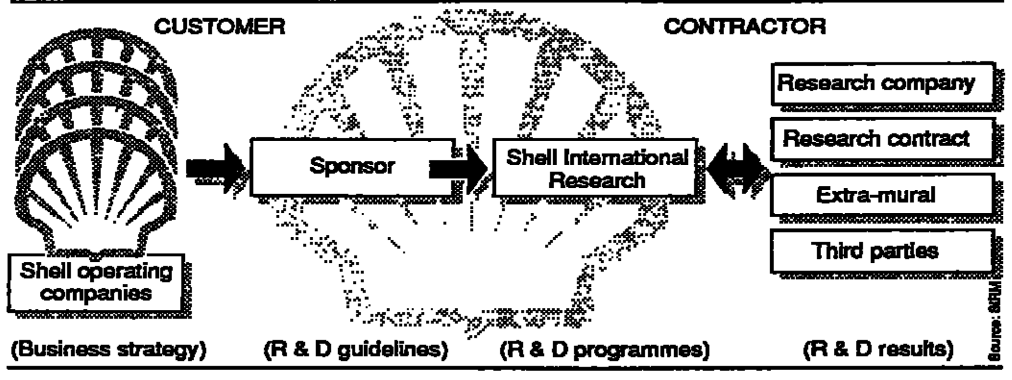
SIRM has analysed and assigned its own priorities to the various technologies, so that Shell operating companies can use these values in their own planning. Beckers has twice carried out this strategic planning exercise, and has highlighted some technologies as critical to maintaining and improving the group's competitive position. They fall into two categories: function-related and pervasive.

Function-related technologies Beckers believes are vital to Shell's future include its three-dimensional modelling of oil basins, a technology in which one Dutch scientist claims Shell is doing as much as all the rest of the oil industry. A pervasive technology he believes is vital is computer modelling of its processes, old as well as new.

What can be dangerous for the research director is to spell out the technologies he does not rank highly. None the less, he is willing to state unequivocally that SIRM is not interested in either single-cell protein or fuel cells for transport, both important in Lord Rothschild's day. Moreover, Harry Beckers forecasts that, as he continues to refine his research strategy, it will highlight yet more anomalies Shell must shed.

*A further article on Shell's research and development activities will appear next week.*

**Shell's customer-contractor relationship**



# Just the ticket for Japan's frustrated commuters

**Roy Garner** on Tokyo's automated rail fare system

Paper railway tickets could soon go the way of the steam engine in Japan, where the recently-privatised national railway system (JR) plans to introduce a fully-automated fare-control system.

Under the plan, JR customers will eventually switch to personalised rail passes incorporating chips that record the details of passengers' rail journeys, facilitate instant access to reservation and information services and possibly even debit their bank accounts according to use.

Automatic entrance gates will incorporate a radio communications system that reads these smart cards as the customers pass by, without the traveller having to insert the travel card into a machine.

Ticketing automation should bring a distinct improvement in travelling conditions for Japan's seething millions of rail users who currently face long hold-ups at platform barriers, where all the tickets are still clipped by hand. There could also be big savings in labour costs for the railway companies.

The first phase of automation gets under way next month when JR East, one of the eight independent companies formed from the former Japan National Railways (JNR), pioneers an advanced "stored fare system" in the Tokyo area.

The system is incorporated on a new "IO card" (input-output) and will be available for use at 31 stations on the Yamanote loop line that circles Tokyo and on one inner spur, routes which together carry the bulk of the city's daily commuters.

The super-thin 85mm x 57mm plastic cards, which will be sold in vending machines, will have a value of either Y3,000 (£12) or Y5,000 (£20). When the IO card is inserted into a machine at the platform entrance a three-step operation checks its validity, "writes" the name of the departure-point station in magnetic code and "re-reads" the inserted data to check its accuracy.

At the destination-station an identical machine receives the card in the opposite direction, "reads" the departure station and calculates the fare, then deducts the appropriate sum from the card's value.

One complication in the trial phase is the fact that many commuters will end their journeys at stations outside the automated area. To overcome this an additional unit writes the name of the departure station on the back of the card for manual checking at journey's end.

By 1995 the machines will be installed at approximately 400 stations, covering a radius of 100km from Tokyo's centre. Each station, regardless of the number of individual access gates, will require one system control unit. The minimum price for a station installation using just one gate, with controller, would be Y17m. JR East has a 1990 budget of Y11bn for the project and expects to spend a total of Y35bn by 1995 in automating the full 100km-wide Tokyo zone.

"YOUR SUIT APPEARS TO BE INTERFERING WITH THE READING OF YOUR TICKET."

Masaki Ogata, deputy director of passenger services at JR East, forecasts that "at least by the 21st century, paper tickets will be redundant". He anticipates a bright future for cost saving on the JR network, which is still plagued by debts from the inefficient JNR days.

Fare-cheating will also be curtailed by the automatic journey monitoring function. "In Tokyo alone we estimate cheating losses at Y20bn-Y30bn per year," says Ogata, "so this is another important benefit of the system."

Concurrent with the IO project is a joint effort by JR and the Railway Technical Research Institute (RTRI) to develop the next-generation of railway ticket, a so-called "contact-free" card. This would offer all the functions of the IO card but would be thicker and also feature an internal processor and memory chips containing comprehensive information on the rail customer.

The card would be "read" when the user passed by, perhaps even while the card remains in a bag or pocket, using either medium wave or microwave radio equipment installed at the entrance area. Ticket machines could be dispensed with altogether.

RTRI researcher Shigeo Miki says such a system – which monitors precisely an individual's usage of railway services, computes the fee and allows electronic payment through a banking network – represents a new "customer-based" concept in mass rail transit, and moves away from "trip-based" services of the past.

"The system will allow preferential services to be offered to regular customers and allow more favourable relations to be established between them and the railway company," says Miki.

Tests of the radio-reading function were carried out at Tokyo's Ochanomizu station this March. No problems were reported with basic information exchange between the card and the radio receiver provided that passengers moved in single file. Where crowds massed in the exit, however, problems were encountered in separating the signals from different cards.

Another problem concerns the high price (about Y1,000 each) of the cards. "Users will have to be offered other incentives for purchasing the card, and we plan, for example, to offer exclusive reservation services and credit card links with department stores for bargain goods purchases etc," explains Ogata.

He says that practical application of the system will probably be attempted first at a low traffic-density station, in two to four years' time.

## MANAGEMENT: Marketing and Advertising

International networks

# Leaping a cultural hurdle

Japanese advertising agencies planning to operate overseas may encounter problems on several fronts. **Alice Rawsthorn** reports

When Gohei Kogure, president of Dentsu, delivers his new year address to the agency's staff in January, his words will be studied with more than the usual level of interest by the international advertising community.

The address will outline Dentsu's objectives for the next five years. Kogure is expected to use it as an opportunity to spell out exactly how Dentsu, Japan's largest advertising agency, will turn itself into a force in the international advertising industry.

So far Dentsu is the only Japanese agency to have made significant investments outside Asia, although a number of other leading Japanese agencies are now intent on overseas expansion.

But the Japanese face formidable structural and cultural problems in their attempts to create international advertising networks. Over the next few years it will become clear whether they can overcome them.

Dentsu began its international investment programme a year ago by acquiring a majority interest in Fortune, an Australian agency. Last month it took a minority holding in Collett Dickenson Pearce, a leading UK agency.

Dentsu is now in negotiations over the future of its investment in HDM, its triple venture with Young & Rubicam of the US and Eurocom of France. It is also looking for suitable investment opportunities in the US.

The other Japanese agencies are still in the throes of planning their international expansion. Asatsu is in the final stages of negotiations with BBDO, the US agency owned by the Omnicom group, to extend their partnership in Japan to other countries. Daiko, which has already formed a joint venture in New York with Grey, the privately-owned US agency, is formulating plans for a similar operation in Europe.

Dai-Ichi Kikaku is in talks with a number of western agencies over joint ventures in New York and Europe. DIK opened a liaison office in Düsseldorf last year and intends to open another office in London next year.

Hakuhodo, which recently reorganised its international management structure, also plans to expand overseas – possibly through equity participation with a western partner. It intends to increase the proportion of its income made outside Japan from 5 to 10 per cent over the next five years.

Until recently all these agencies had tended to neglect overseas expansion in favour of protecting their position in their own Y5,000bn (£20bn) country – the world's second largest advertising market. For most of the 1980s the market was so buoyant that the Japanese agencies had no need to look overseas for growth.

There are now signs that it may be maturing. The recent slump in the Tokyo stock market, combined with the uncertainty created by the Gulf crisis and nervousness over the prospects for the Japanese economy, has already taken a toll on advertising expenditure.

The Japanese securities houses and property companies have cut their marketing budgets. If, as some economic forecasters suspect, consumer spending weakens early next year other companies will cut back too.

"The advertising market is very, very tough at the moment," says Masao Inagaki, president of Asatsu. "It will be even tougher next year." He forecasts a slowdown in the rate of growth from 15 per cent in 1989, to less than 10 per cent in 1990 and to 7 per cent next year.

This slowdown in expenditure coincides with the trend away from traditional advertising towards "below the line" activities, such as sales promotion and events, which tend to be less profitable for the agencies.

At the same time the Japanese advertising market is becoming more competitive. The *geijin*, or western, agencies are still peripheral players in Japan. They tend to work on accounts for western, rather than Japanese companies, in joint ventures with local partners. But there are signs that the *sogo shosha*, the giant trading houses, are becoming more active in advertising.

Mitsubishi, one of the largest trading houses, recently opened an agency in Tokyo. Yoshio Kato, president of the Japanese Advertising Agency Association says the *sogo shosha* are "not yet a serious threat" because they lack the "creative capability" of the established agencies. However, he warns that they may become more powerful in the future.

One concern for the established agencies is that the *sogo shosha* will buy in creative capability through acquisition. One trading house recently tried, and failed, to do this when it made an approach to Man-Nen-Sha, an agency in Osaka.

All these pressures are encouraging the large Japanese agencies to look for future growth overseas. The agencies are also concerned that, as more Japanese companies diversify into other countries, they will lose the opportunity to work with them on an international basis.

The first wave of Japanese multinationals – manufacturing groups such as Sony and Honda – have already appointed local agencies to handle their advertising in other countries. There is a real risk that, unless the Japanese agencies can offer access to international advertising networks, the second wave of multinationals – service sector companies such as retailers and leisure groups – will choose western agencies, too.

Many of the new multinationals are small and medium-sized companies. Masaaki Yabe, overseas managing director of Dai-Ichi Kikaku, says that whereas the large Japanese manufacturers are prepared to work with western agencies, these smaller companies want to work with their own domestic agencies, particularly in South Asia.

The Japanese agencies certainly have the financial resources to pay for the creation of international networks. Dentsu and Hakuhodo, the two largest agencies, have vast capital reserves. Asatsu still has most of the money raised from its flotation three years ago. Daiko and Dai-Ichi Kikaku plan to go public too.

However, as the Japanese agencies are well aware, they face the considerable challenge of adapting to the different structure of the western advertising system.

Japan is something of an anomaly in international advertising in that it is one of the very few countries not to have adopted the US model of advertising management. The relationship between advertising agencies and the media, for instance, is very different. In most other countries agencies buy media space on an open market. But in Japan, Dentsu and Hakuhodo effectively act as media brokers by selling space to other agencies.

There is also no concept of client conflict, whereby agencies cannot work for competing companies in the same sector. This issue is particularly sensitive, in that, if the western subsidiaries of Japanese companies continue to adhere to the local custom of avoiding client conflict, in theory, a Japanese agency opening an office in New York might not be able to work with *all* its Japanese automotive or brewery clients in the US. This could cause problems with its other clients in Japan.

Dentsu sees the conflict issue as a serious difficulty. It is already discussing possible solutions with its domestic clients, but has, so far, not found a satisfactory answer.

Just as the *geijin* agencies have found it difficult to adapt to the idiosyncracies of the Japanese system, so the Japanese may find it difficult to operate in the west. "Advertising is an intangible thing," as one Hakuhodo executive out it. "We are not selling Walkmans, we are exporting culture."

The Japanese agencies are also concerned about possible hostility from the staff and clients of western affiliates and acquisitions.

Despite these difficulties, the Japanese agencies are determined to forge ahead with their international expansion plans. But as latecomers in the international advertising arena, they have a long way to go to catch up with the Americans, the British and the French.

**Advertising expenditures in Japan**

| Year | Ybn | Annual rise % | % of GNP |
|---|---|---|---|
| 1986 | 3,647.8 | 104.1 | 1.10 |
| 1987 | 3,944.8 | 108.1 | 1.14 |
| 1988 | 4,417.5 | 112.0 | 1.20 |
| 1999 | 5,071.5 | 114.8 | 1.30 |

Source: Dentsu

**Advertising expenditure - leading countries $m**

| | 1989 | | 1992* |
|---|---|---|---|
| US | 80,327 | US | 93,350 |
| Japan | 29,095 | Japan | 37,528 |
| UK | 12,385 | UK | 15,184 |
| W. Germany | 9,736 | W. Germany | 12,449 |
| France | 7,322 | Spain | 11,441 |

*Estimates

**Advertising expenditure by media in Japan 1989**

| Media | Exp Ybn | % of total |
|---|---|---|
| MAJOR MEDIA | | |
| Newspapers | 1,272.5 | 25.1 |
| Magazines | 335.4 | 6.6 |
| Radio | 208.4 | 4.1 |
| TV | 1,462.7 | 28.8 |
| SALES PROMOTION | | |
| Direct mail | 182.8 | 3.6 |
| Flyers | 299.0 | 5.9 |
| Outdoor | 351.7 | 6.9 |
| Transit | 221.0 | 4.4 |
| POP | 142.2 | 2.8 |
| Tel directories | 99.0 | 2.0 |
| Exh/screen displays | 487.3 | 9.6 |
| NEW MEDIA | 9.5 | 0.2 |

Exhibitions

# Cinderella's witching hour

**David Churchill** predicts gloomier times for an industry which was just beginning to get its act together

The exhibitions business, one of the best performers in the marketing mix during the past decade, is now headed for rather more difficult times. According to the Incorporated Society of British Advertisers, which recently polled its members about their plans to use exhibitions over the next year, companies are now far less likely to try to reach target groups this way.

The cause, suggests the ISBA, which numbers several hundred leading British advertisers among its members, is not only the impact of the recession but also exhibitors' concern with rising costs and value for money from large-scale public exhibitions.

"It could well be said that our members are voting with their feet as well as their budgets," comments the ISBA in its survey. "A higher proportion than before is prepared to switch spending to other forms of media, while at the same time electing for greater control through the growing use of private exhibitions."

These are the events put on by companies, such as those in the computer or pharmaceutical industries, which usually only display the individual company's products (or sometimes those of a group of similar businesses) to an invited audience.

As such they give the organising company far greater opportunities to develop contacts; the drawback, however, is to get enough of the target audience to attend – a problem which usually requires imaginative marketing solutions, often through creative direct mail shots.

These clearly must work; the ISBA survey shows that in 1989, the amount spent by British companies on private exhibitions topped £173m, a rise of 27 per cent on the 1988 level of £137m.

ISBA, however, points out that the overall growth of expenditure in 1989 on trade, technical and consumer exhibitions was only 18.5 per cent to reach a total of £562m. The growth rate for such exhibitions in 1988 – when the economy was markedly more buoyant – was 50 per cent, it adds.

The number of exhibitions also fell – from 650 in 1988 to 620 last year – while stands occupied fell in total from 80,000 to 76,000.

Although this year's figures are not yet in, ISBA has polled its members on their intentions for the coming year. Just over two-thirds (67.5 per cent) said that expenditure on exhibitions would stay the same, compared with 62 per cent a year ago.

But those companies planning to decrease exhibition spending rose from 8 per cent last year to 15 per cent this year. The proportion of those planning increased expenditure nearly halved, from 30 per cent to 17.5 per cent.

Those companies planning to exhibit less blamed the rising cost of exhibition space and construction services, along with a decline in attendances.

In this context, restrictive practices among the supply of contracting services, especially electricians, for exhibitions has already come under the scrutiny of the Monopolies and Mergers Commission; as a result the Office of Fair Trading is still monitoring such practices closely and further investigations may be put in train shortly.

The downturn has come at an unfortunate time for an industry which was starting to get its act together. For long regarded as the Cinderella of the marketing world, during the 1980s the industry had gradually become more professional in its outlook as a result of rising demand for its services. Leading exhibition halls – such as the Earls Court and Olympia complexes in west London – received a much-needed facelift as well as increasing the amount of exhibition space on offer to meet rising demand.

Two years ago, all sides of the industry – organisers, venues, and exhibitors – formed an industry-wide trade association, the Exhibition Industries Federation, which not only sought to provide the sort of marketing back-up to persuade advertisers of the value of exhibiting but also played a lobbying role among the exhibition industries in the rest of Europe.

The progress made by the EIF, however, has been stymied by internal wrangling over its role and funding. A number of exhibitions is also likely to be cancelled or merged over the coming months because of falling support from both exhibitors and visitors.

But the news is not all bad: next week's World Travel Market at London's Olympia – due to be opened by Sir Geoffrey Howe – reports a record number of 3,175 exhibitors.

## Marketing abstracts

**Industrialisation and women in the nineties.** *S. Minnee and M. de Boer in Marketing and Research Today (Netherlands), June 90 (6 pages).*

Introduces a marketing segmentation scale dividing women into five groups: pioneers, supporters, in-betweens, counterparts, and traditionalists. They are distinguished from each other largely by a positive attitude to individualisation, ie the extent to which they experience independent choices. Looks forward to the women of the 1990s – a "combi-woman", many-sided, with lots of responsibilities, an income and increased autonomy. Offers recommendations as to how to link the characteristics of the combi-woman into the four main precepts of the marketing mix.

**How green is my valley?** *G. Smith in Marketing and Research Today (Netherlands), June 90 (7 pages).*

A lecture by the general manager of a leading consumer research organisation on how green issues have come to the fore in the UK and influenced markets and consumer behaviour. Pays particular attention to the effect on farming.

*These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at a cost of £5 each (including VAT and p+p; cash with order) from Anbar, 62 Toller Lane, Bradford, West Yorkshire BD8 9BY.*

# The Boys Next Door

**COMEDY THEATRE**

Yet another American play has reached London's West End. Tom Griffin's *The Boys Next Door* is about the mentally retarded, yet must carry a caveat. Although the play is undoubtedly sympathetic to their plight, there is a fine dividing line between laughing with the characters and laughing at them. This production comes dangerously close at times to landing on the wrong side.

Griffin's mentally retarded are not in a conventional institution. They live in a home as close to a normal home as possible and are encouraged to accept some responsibilities and do their own chores like cleaning and washing up. There is a supervisor, called Jack, who looks after them. But as Jack points out early on, the mentally retarded have an effect on him as much as he has on them. "They're burning me out, but remain my closest associates." And when Jack decides to leave for a job as a travel agent at the end, it is quite clear that their emotional dependence on him is complete.

*"The problem,"* says Jack in a solemn moment, "is that *they* never change". While *he* can go off elsewhere, a mentally retarded man who is obsessed by doughnuts remains obsessed by doughnuts throughout his life. That is what we see. Also, although on the surface the characters can be seen sometimes to live something close to a normal life, at however slow a pace, *their vulnerabilities* are never far below the surface. Their weaknesses include a tendency to violence as well as tears.

There is, too, in their underdevelopment a failure to make the right associations with words. Thus when one of them is called an effing nut, he responds by denouncing his critic as a banana republic. When someone says "hold your horses", the answer is "I don't have any horses". There are similar dissociations in their actions. A character takes on the role of lavatory *attendant but walks out in* protest at the unfairness of placing sanitary towels in the ladies' room but not in the mens'.

Where the play scores is in showing that the mentally retarded have normal emotions. There is a ladies' home nearby and the sexes sometimes meet to dance. The best scenes in the play are between Norman, a huge slow-moving *figure of a man played by Richard Cordery, dancing with* the much smaller but equally slow-moving and slow-speaking *Sheila (Barbara Darnley)*. That is where this kind of civilised regime for the retarded paying off. Two other points emerge. One is that the "normal" mentally retarded should not be mixed with those whose problems include paranoia and schizophrenia. The other is that the mentally retarded are not all that less articulate that some of the other characters we see on stage nowadays. It is unclear how far the latter point is deliberate.

The play is directed by Rob Mulholland. It leaves a slightly unpleasant *taste*, partly because towards the end the audience was laughing quite loud, and not only at the *Woody Allen figure* played by Allan Cordumer. This character is almost straight borrowing from the movies. The others are more original. Ultimately the piece comes across more as a good deed than a good work.

**Malcolm Rutherford**

CINEMA

# Dialogue served up with sauce

METROPOLITAN
**Whit Stillman**

HENRY AND JUNE
***Philip Kaufman***

BLUE STEEL
**Kathryn Bigelow**

THE EXORCIST III
**William Peter Blatty**

When sound replaced silence in the cinema, every movie doomwatcher leapt onto his soapbox proclaiming the death of the art. Sixty years later we are older and wiser and know there are good talkies as well as bad. In bad ones, characters yatter on telling us things we have already deduced from the film's story or visuals. In good talkies dialogue becomes a distinct and special colour on the artist's palette. What we hear never merely duplicates what we see: it slides off into irony or contradiction, it suggest thoughts and feelings subtly different from those on screen.

*Metropolitan*, a first feature by writer-director Whit Stillman, is a good talkie. The conversation is witty and weird: more important, it is used as a discrete expressive colour. Chronicling a Christmas social season in upper-crust New York, Stillman steers his gilt-edged youngsters through friendship, romance, jealousy and long evenings of parlour philosophising in Park Avenue pads. The result is a daffy social comedy full of deft satire and oblique delights.

These people are "UHBs": urban haute bourgeoisie. Scattering bon mots as the evenings lengthen, they celebrate the futility of their own existence without ever actually admitting it. Though Tom the bright young redheaded boy from New York's unfashionable West Side (a socialist to boot) almost catalyses the group's self-discovery when he joins it, illumination never comes. The roundelay of jewelled put-downs and epigrams continues: "The cha-cha is more ridiculous than life itself", "Our generation is the worst since the protestant reformation". We realise that self-deprecation is a protective device: chaff thrown up to deflect the missiles of progress or social levelling.

*Metropolitan* has a wonderful grave lunacy. Shuffling his characters around early on like ambulant dinner jackets, Stillman slowly allows a heart to beat and a mind to tick in each. There is the Woody Allen-ish intellectual programmed with all the right polysyllables. ("You're a Faurieriste?" he cries to Tom.) There are the languid mashers who tow their captive debs around as if they were golf-bags. There are the girls themselves, bright with pre-feminist innocence. And there is the hero from the wrong side of the Avenue, whose mop of hair, bright Adonis eyes and stubborn chin would make him a first choice if they ever made a movie (Heaven protect us) called "Young Heseltine."

Where *Metropolitan* uses its dialogue as a tart and contradictory sauce in its socio-satiric dish – what the characters say is always subtly at odds with what they feel – *Henry And June* piles on the talk like a waiter adding more pan-gravy when you have already screamed "When!" From writer-director Philip Kaufman, of *The Right Stuff* and *The Unbearable Lightness Of Being*, comes this scarce bearable bio-pic about authors Henry Miller and Anais Nin. They met in Paris in 1931; they romanced across the fires *of creativity (he writing Tropic Of Cancer*, she her diaries); and they talked of sex, art and love.

Dear me, did they talk. According to Kaufman, Henry Miller (Fred Ward) was a rollicking old Brooklynite who had a piece of wisdom for all occasions. "Sex is natural, like boith or death," he tells the girls. Or, of his hero D.H. Lawrence, "He tried to liberate lidracher." "Lidracher" is all-important in this film. Not just English lidracher but foreign too. "I wanted Dostoevsky!" cries Miller's American wife June (Uma Thurman), dismayed by reading Henry's latest opus. "You make everything so ugly!"

Meanwhile Anais (Maria de Medeiros) is tiring of financier husband Hugo (Richard E. Grant): *"You're even beginning to smell like* the bank." So what more natural than that she should throw herself at the newly-arrived American satyr and follow that with an affair with comely June. What more natural? Plenty, say the American censors. They have invented a special new certificate, *NC 17 (no children under* 17), to cover the steamier episodes of lesbian commingling, even though Mr K's film makes it clear that carnal love helps June and Anais discover themselves. "I am innocent now," breathes Ms Nin, fresh from the fleshly fray.

I am all for films that whip up debate about the footling attitude of our "betters" to a little nudity on screen. (Or even, as here, a lot.) But not even a censorship furor will *stoke much interest in Henry And June*. Like *The Unbearable Lightness Of Being*, only more so, it shows the terrible things that happen to an intelligent film-maker when he tries to become a cultural carpetbagger. Unlike Kaufman's modern America, a place of aromatic, lived-in familiarity in *The Wanderers* or *The Right Stuff*, his pre-war Europe is a few old sticks of iconographic furniture shoved into a grab-and-run bag.

On every cobblestoned Paris corner conjurors and mime artists make magic. In every cafe smoke swirls as the art crowd wrestle with vino and *veritas*. Far from giving us a persuasive story about human liberation through sex and creativity, *Henry And June* is a film imprisoned in its own banality. We *remember little of the elegant*, unassertive visual style (cameraman, Philippe Rousselot of *The Emerald Forest*); we remember almost every one of the clanging *lines of dialogue and the humourless* way they are delivered.

★

There is more filmic flair in one frame of Kathryn Bigelow's *Blue Steel* than in 2¼ hours of Kaufman's Paris chat opera. Unfortunately, the flair is of the in-one-brain-cell and out-the-other variety. Rookie policeperson *Jamie Lee Curtis kills* a gun-toting hoodlum during a supermarket robbery. But the gun disappears. Can Miss Curtis defend her action without Exhibit A? And who made off with the weapon?

A freelance psychopath, that is who: played by Ron Silver with a beard and two eyes that could have bored the Channel Tunnel without ancillary drilling equipment. With a crusading misanthropy worthy of Orson Welles in *The Third Man* – *"Just little specks", he says of the* city people seen from high up – he murders whom he may and is out to frame or kill Miss Curtis.

Writer-director Bigelow, who after *an early career in avant-garde art* leaped into man's-world genre movies with *The Loveless* and *Near Dark*, prefers crackling visuals to credible plot development. Mr Silver's ability to evade the law and to keep popping up Demon King-like in unlikely places – a bedroom, a police station, Curtis's parents' home – defies belief. But we admire the barbed *noir* visuals, all stiletto points of raking light and needle-sharp battalions of rain. And we enjoy the quasi-feminist subplot in which Curtis nails her own father for cruelty to her own mother. Dad (Philip Bosco) is a splendid monster, a wife-beating chauvinist who cries "I've got a goddam cop for a daughter!" shortly before the young filly fastens the handcuffs, reads the Miranda act and escorts him to the *cop shop*.

★

"The whole world is a homicide victim" rasps George C. Scott in *The Exorcist III*. Deep thoughts from the *sequel saga that brought you* revolving heads, levitating beds and a particularly unwholesome form of green spinach. Now the Devil is back in Washington DC, and as corpses multiply and souls are hi-jacked Detective Scott must work out who is possessing whom.

No mean task. Speaking as a member of the audience, I gave up after about an hour. By then Jason Miller as the late Father Karras, not content with returning from the dead to claim he is someone called the "Gemini Killer" (electrocuted 15 years before), is metamorphosising into actor Brad Dourif, who in turn speaks in so many different octaves he could have auditioned for all the lead roles in *Il Trovatore*. Written and directed by *Exorcist* creator William Peter Blatty, the film is short on blood but long on confusion.

**Nigel Andrews**

**Daffy social comedy: playing strip poker in Whit Stillman's first film, 'Metropolitan'**

# The Birthday Party

**THE PLACE**

It is not strange to hear that Harold Pinter will soon be 60. It is, however, odd to realise that, when speaking of him as *a playwright, one must employ* the past tense. There have been no new full-length Pinter plays for over a decade. To my generation – I was an infant when *The Birthday Party* had its première – Pinter was always a key part of our idea of modern British theatre. Getting used to Pinter was one of the hurdles of adolescence.

The Shared Experience Theatre's staging of *The Birthday Party, which runs* at The Place until December 8, plunges its audience right into Pinter atmosphere. Oh, those idle conversations made up of banal nothings, with as much silence as dialogue. One experiences them like a dull ache, like an old wound, and yet they keep making us laugh. The atmosphere reminds of Chekhov, of Becket, Arnold Wesker too, but mainly of Eliot – not the plays but *The Waste Land*. What seems unique to Pinter, though, is just how little real communication goes on, and how *little for us to read* between the lines.

Then suddenly the mood changes. We witness communication without utterance, rapid conversation without any pause, and all manner of disturbing suggestions – terror, neurosis, paranoia, guilt, aggression, schizophrenia, complicity, delusion – gushing up from between the lines. Though the most important things aren't being said, we're now aware that they're important. As in high classical drama, the most concrete actions take place, will take place, have taken place offstage.

*I have nothing but praise for* Nancy Meckler's staging. The six members of the cast have caught the rhythms, the undercurrents, the kitchen-sink ordinariness and the psychological extraordinariness, and they play their parts with just the right unnerving dash of caricature. They, like the play, keep saying "These are just stock types, stock situations, stock talk" – and then they whip *the carpet from under their feet and ours; and they keep on* doing that. Sandra Voe and John Halstead, as Petey and Meg, perfectly set the hauntingly boring, funny, pointless boarding-house atmosphere and introduce the first intimations of darker elements. As Stanley the birthday boy, Michael Packer is more than perfect. It is he who is the centre of all the play's most alarming passages, and one watches this poor, passive, feeling, inarticulate clod with both pity and terror. His last wordless efforts to communicate, two dreadful spasms that make him red in the face, are the climax of the play, brilliantly achieved.

This *Birthday Party* should be seen. That is not to say that it is a great play or that he is a great playwright. It and he will always important to the history of British theatre because they helped to bring modernism, so long avoided here, into our bloodstream. I think however, there is something windowless about his world, and something jejune about leaving so much unstated. *The Birthday Party is* eventually an inverted melodrama, it is not a play that keep growing in the mind. His best virtues are, in fact, not modernist but traditional. *The Birthday Party* shows his sense of timing, wit, pacing, suspense and character, his ear for dialogue and his flair for reversals. It is that good old-fashioned thing: a well-made play.

Alastair Muir

**Michael Packer**

**Alastair Macaulay**

# Debussy and Poulenc

**ST JOHN'S, SMITH SQUARE**

*The pianist and accompanist Malcolm* Martineau is starting to seem a rival to Graham Johnson of the Songmakers' Almanac. For St. John's Martineau has planned a series of French song recitals: one each month, all season long, and each including some Debussy and Poulenc. On Tuesday the whole recital consisted of their music, and both the soprano Linda Kitchen and the tenor Laurence Dale offered some of each.

Miss Kitchen tackled four of Debussy's early, very demanding pieces for high soprano, as well as his embarrassing last song (a winsome-but-tearjerking plaint from a child made homeless by the Boches). Her bright, pretty timbre was well *found in that music, as also in Poul*enc – particularly in high, curved lines; on some other vocal tests, there was some technical discomfort. In rapid French patter, for example: which probably explained *the over-eager archness with which she* presented Poulenc's comic songs.

That might have been Martineau's idea, for not only was there an excess of nudging, concert-party style, with Dale's Poulenc too, but the pianist himself indulged in as much mugging as the need to keep hands on keys permitted. Granted, it is awkward to perform witty French songs – especially the surrealist ones – to an audience who won't really be in a position to relish what's wittiest in them; but there must be a better way.

That said, Dale nonetheless made a great impression. His tenor has gained some weight, I think (and leaps above the stave are not so easy and reliable as they were); *his sung French is first-class. In* serious Poulenc, like the deeply felt "Bleuet", it was splendid to hear that a full-blooded sound – no "white" tone at all – can do perfect justice to the music.

*The triumph of the evening* was Debussy's earlyish, highly Wagnerian set of Baudelaire poems. Rarely heard in public, and mostly slow (if not always so slow as Martineau thinks), they make severe demands on a singer's concentration – and pitch: the *recherché* harmony sets traps for him or her in dozens of places. Dale prudently sang from the score, but that didn't lessen his searching, romantic intensity in these metaphysically erotic songs. They demand a mature, assertive pianist, too, and Martineau displayed all the required authority. If his Poulenc is too soft-edged yet to be perfectly stylish, he is a Debussy-pianist of high distinction – not just beautiful, subtly graded sound, *but a full grasp of how the music actually works*. A memorable performance: deep gratitude to both musicians.

**David Murray**

# Oscar Peterson quartet

**ROYAL FESTIVAL HALL**

Reunited, and with the addition of a first-class drummer in Los Angeles's Jeff Hamilton for their present tour, the Oscar Peterson trio, *those famous gentlemen of* swing, have lost none of their panache or crowd-pulling ability.

The trio of pianist Peterson, bassist Ray Brown and guitar player Herb Ellis is an enduring part of jazz history.

Peterson first played alongside Brown 40 years ago at the Carnegie Hall gig which launched the avuncular piano *player as the swing maestro*. Herb Ellis joined a couple of years later, following the departure of fellow "great" Barney Kessel. Thus the swinging trinity was born.

*Judging from the number* of bald pates and grey hairs in the auditorium, their progress has been watched closely ever since. And with Peterson especially, one of the most recorded jazz artists ever, that has not been hard to do.

Grouped together in a clump of black ties around the kit, the trio zips through a mainstream repertoire which would leave *younger men* (except Hamilton) sweating.

Peterson, not surprisingly, is the boss, building each number – blues, ballad or boogie woogie – into a rolling sound that only a quartet can make. Even in the gentlest passages, in "Night Time" for example, the number and variety of notes that Peterson teases out, keeps it exciting.

The walking and talking bass of Ray Brown, Hamilton's sizzling hi-hat and Ellis's *ringing chords drive him on to* even greater heights in the up-tempo numbers. Herb Ellis, as Peterson observed, is the epitome of jazz trio guitar playing: "He does exactly what needs to be done." Brown does too and is there with Peterson at every turn, beating out full-bodied rhythm. They are all clearly happy to be back together again.

That is the most pleasurable aspect of the quartet's playing – *their obvious empathy* – and that is after all what swing is all about. It is best live (the quartet has a new live recording out on Telarc) and it surely doesn't come livelier than this.

**Garry Booth**

# ARTS GUIDE

November 16-22

EXHIBITIONS

**London**

**Royal Academy of Arts.** Monet in the 90s: The Series Paintings. The long-awaited blockbuster exhibition has sent reviewers scurrying to explain the artist's double vision. Burlington House, Piccadilly (287 9579).

**Paris**

Carte musées et monuments sold in museums and metro stations enable visitors to avoid queues at 60 museums and monuments, including the Louvre, Musée d'Orsay and Versailles.

**Grand Palais.** Simon Vouet (1590-1649). The exhibition brings together paintings, drawings and tapestries by the Paris-born artist whose vast compositions decorated palaces and churches at the time of Louis XIII and Richelieu. Closed Tue, Wed late closing night.

**Louvre.** Recent acquisitions of the Department of Objets d'Art. 136 exhibits of medieval ivories and goldsmiths' work, of renaissance bronzes, enamels and majolicas and of 18th century furniture, tapestries and porcelain. Hall Napoleon. closed Tues, ends January 21.

**Marmottan's Monets.** For lovers of impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends. Musée Marmottan, 2 rue Louis-Boilly, closed Mon.

**Brussels**

**Musée d'Ixelles.** L'Impressionisme et le Fauvisme en Belgique is a major exhibition of Belgian painting from the 1880s to the 1920s. While several artists followed the lead of French impressionists and German expressionists, others such as Claus, Stobbaerts, Wouters have a distinct and increasingly valued style of their own. Closed Mondays, ends December 16.
**Galerie de la CGER.** The Belgian Dynasty and Belgium's cultural Development. Daily, ends January 30.

**Cologne**

Some 268 international art dealers offer paintings, graphic works, sculptures and photographs from the classic modern and the newcomers, which are carefully divided into the two different subjects on two floors. Ends Nov 21. Koeln, Messe, Messeplatz 1.

**Madrid**

**Centro de Arte Reina Sofia.** After undergoing seven months of major reforms the centre reopens as Spain's "national" contemporary art museum. Memory of the Future: Italian art 1900-1964 is the most comprehensive show organised to date on 20th century art.

**Fundacion Juan March.** Cars, Andy Warhol's unfinished series of car drawings and paintings, commissioned by Daimler-Benz on the centenary of the invention of the automobile, are now on view at the foundation on loan from Daimler-Benz in Stuttgart. Ends January.
Museo del Prado. Ends December.

**Barcelona**

**Museo de arte Moderno.** Modernism. A comprehensive show of modernism as "total art". Organised by Olimpiada Cultural, the aim of the exhibition is to show off Barcelona's rich modernist inheritance in all its aspects. Ends December 20.

**Museo Picasso.** Homage to Jacqueline – between 1954 and 1970 Jacqueline Roque was a constant source of inspiration for Pablo Picasso, they married in 1958. The exhibition brings together some 150 works including portraits, paintings, sculptures, prints and pottery, in an important retrospective of the last 20 years of Picasso's artistic life. Ends January.

**Rome**

**American Academy:** Giovanni Battista Piranesi: 135 engravings of Rome, made around 1770, the year of Piranesi's first visit to Rome, and the beginning of his long love-affair with the city. Ends December 16.

**Milan**

**Castello Sforzesco.** The People of the Sun and the Moon: treasures of ancient Peru. Nearly 500 ceramics, gold objects, textiles and gems, together with a small but precious collection of erotic ceramics of the Moche civilisation, lent by museums in Lima. Ends December 9.

**Venice**

**Palazzo Grassi.** From Van Gogh to Picasso – from Kandinsky to Pollock. Opening with Picasso's 1931 Woman with Yellow Hair and closing with Fernand Leger's 1950 Builders with Rope, this exhibition provides a delightful canter through modern art from the late 1870s. Ends December 9.

**Dresden**

**Albertinum,** Georg-Treu-Platz 1. Some 350 works by 170 artists who were expelled by East Germany during 1949-1989. This presentation aims to explain the difficulties of working under the communist dictatorship. Among the artists are Georg Baselitz, Gotthard Graupner, Bernhard Helliger, Gerhard Richter, Günther Uecker and Rolf Szymanski. Ends December 2.

**Berlin**

**Martin-Gropius-Bau,** Stresemannstrasse 110. Bismarck's Prussia, Germany and Europe. This exhibition in Berlin will be the first organised by the German History Museum, with 1,000 pieces from 250 museums from Europe and the US. Until November 25.

**Frankfurt**

**Staedel Museum** has opened its new extension: display of 20th century art ranging from Picasso to Max Beckmann and Amseln Kiefer. For the opening ceremony there are four special exhibitions on the ground floor concentrating on Max Beckmann with works which have only be seen before in Leipzig, the hometown of the painter. Among the other artists are US sculptors Richard Serra, Amselm Kiefer as well as sculptures in the garden by Per Kirkeby. Staedel, Schaumainkai 63. Ends January.

**Cottbus**

The art of collage from 1945-1990: The New Germany sticked. Since George Braque established paper collages in 1912 this has become part of modern art. This exhibition shows a variety of 160 works. Among the artists are: Hermann Gloeckner, Willy Wolff, Marianne Brandt, Hohn Heartfield, Herbert Kunze and Juergen Boettcher-Strawalde. Ends Nov 25. Staatliche Kunstsammlung, Strembergerstr 1.

**Bremen**

To commemorate the 100th anniversary of the constructivist painter Walter Drexel a retrospective is being held. He worked as painter, advertising manager and teacher. Ends Jan 13. Kunsthalle am Wall 207.

**New York**

**Brooklyn Museum.** From pastoral landscapes to moonstruck mature fantasies, this comprehensive exhibit makes the claim for Albert Pinkham Ryder as the first modern American painter. Ends January 6.
**Metropolitan Museum.** Mexican art from pre-Columbian handicrafts to modern murals includes a majestic panorama with more than 300 works covering 30 centuries.

**Washington**

**National Gallery.** The 350th anniversary of the death of Anthony Van Dyck is the occasion of this major exhibit of 90 masterpieces borrowed from around the world and mixed with the gallery's own fine collection. Ends Feb 24.

**Chicago**

**Art Institute.** One of Chicago's most noted contemporary artists returns home when Ed Paschke's travelling exhibit, which first appeared at the Pompidou Centre last year, arrives with 47 of the painter's day-glo portraits and landscapes.
**Chicago Historical Society.** A House Divided, America in the Age of Lincoln. Documents, mementos and personal effects of the Great Emancipator.

**Tokyo**

**Masterpieces of Japanese Art.** This selection of 250 major works has been drawn together to mark the accession of the new Emperor. It includes rarely seen pieces from the Shosoin Treasurehouse in Nara, the Horyuji Temple, the Imperial Household collection and elsewhere. National Museum. Closed Mondays.
**Hara Annual 10.** Since its establishment ten years ago, this museum has held an annual show of young and emerging Japanese artists: an opportunity to observe new developments and directions in Japanese art. Hara Museum.
**Treasures of the British Museum.** Highlights from the civilisations of Mesopotamia, ancient Egypt and Greece, India, Meso-America and Polynesia. Setagaya Museum. Closed Mondays.

SALEROOM

# 'Mendelssohn' sets record

So far, this week in the saleroom has been like the good old days with record following record with pleasing regularity. Yesterday Christie's set a new record for a musical *instrument when the "Mendelssohn"* Stradivari, named after the German banking family rather than the composer, sold for £902,000, nicely above forecast. The violin was made by Stradivari in 1720, towards the end of his "Golden Period" and was sold on behalf of Jew*ish charities in New York*. A Strad cello held the previous record of £682,000.

After a new high of £128,361 for an object of pre-Columbian art on Monday Sotheby's set a record for tribal art on Tuesday when a Fang reliquary guardian head, carved in what is now Gabon some time in the 19th century, sold for $797,500 (£406,576), well within its estimate. It is one of only a handful of this type known and had fetched $15,000 when Parke-Bernet sold it as part of the famed Helena Rubinstein tribal art collection in 1966.

Meanwhile in London yesterday Sotheby's equalled the record for a single musical *manuscript when it sold Moz*art's autograph manuscript for two of his greatest solo piano works, (which are usually performed together), the Fantasia and Sonata in C Minor, for £880,000 to the London dealer Otto Haas, bidding on behalf of a continental collector. (A Schumann piano concerto fetched the same sum last year, but a booklet containing nine autograph Mozart symphonies holds the overall record in this sector at £2.35m.)

The 14 pages comprise Mozart's working manuscript and it was unearthed in July in the Eastern Baptist Theological Seminary in Philadelphia, which had forgotten it owned it. The price was above forecast. In the same auction, *which totalled £1.47m with 5.4* per cent unsold, a previously unknown fragment of Mozart's music, part of a 1783 quintet, sold for £49,500, also to Haas. Haydn's working manuscript of the final chorus of his Cantata "Qual Dubbio Ormai", also found in the Seminary, went for £74,000.

Ava Gardner spent her final years living quietly in an elegantly furnished flat in Ennismore *Gardens, Kensington*. Sotheby's sold its contents yesterday for £346,065. There was keen bidding for a memento of *the movie queen. The top price* was the £37,400, double the estimate, paid for a Louis XVI mahogany bureau plat carrying the stamp of Martin Carlin. A Meissen porcelain topographical snuff box with views of Dresden and Warsaw, of around 1750, far exceeded its £3,000 top estimate at £14,300.

**Antony Thorncroft**

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# Europe's Magna Carta

AMID all the pomp which accompanied the adoption in Paris by 34 nations of a Charter for a New Europe, the Gulf crisis has acted as a cold shower. This latest threat to world peace tended to overshadow the real purpose of a conference which had been organised to mark the end of the Cold War in Europe, the unification of Germany and the most far-reaching conventional arms agreement ever reached.

Yet the intrusion of the Gulf conflict was not without relevance to the subject matter of the Paris conference. It came as a reminder to the participants of the fragility of peace, whether in Europe or elsewhere in the world.

Indeed, it was significant that, at the very time that the heads of state and government were proclaiming "the end of the era of confrontation and division in Europe," the US, the Soviet Union and some of the European countries were finding it extremely difficult to agree on the next steps to be taken against President Saddam Hussein.

In many ways, the Paris summit of the Conference on Security and Co-operation in Europe was overtaken by events. The collapse of the communist systems in eastern Europe, the disintegration of the Warsaw Pact and the unification of Germany has already changed the nature of the "common European home," as first conceived by Mr Mikhail Gorbachev, the Soviet President.

The common European home has become a western building in which the east Europeans, as they reform their economies and adopt democratic practices, want to live. Most of them want close ties with existing western organisations, such as the European Community, and some, like Hungary, are even contemplating membership of Nato.

## Limited effectiveness

Given these developments, the CSCE cannot provide answers to all of the problems which will face the new Europe. Its effectiveness will be limited by the fact that its decisions have to be taken by consensus, which will be very difficult to achieve between 34 nations.

Nor will it provide its members with Mr Gorbachev's much-cherished collective security system, under which all member countries would have given each other mutual security guarantees. The western countries consider such a concept to be unrealistic. They have thus expressed their intention to maintain the Nato Alliance as their only effective security shield.

## East-west co-operation

That does not mean, however, that the CSCE is an irrelevance. It will still be the only organisation dealing specifically with the whole range of problems facing the new Europe, from security to human rights and, to some extent, economic co-operation, which will associate North America and the Soviet Union with both western and eastern Europe.

It will have an institutionalised structure, with regular meetings of heads of government at least once every two years, annual meetings of foreign ministers, a small secretariat based in Prague, a conflict prevention centre, and a special office to help newly democratised countries to organise free elections.

One of its most important elements is what Mrs Margaret Thatcher has described as Europe's new Magna Carta, a charter which sets out the principles which should guide the policies and behaviour of the 34 member-countries.

It is a reaffirmation and elaboration of the same principles first set out in the 1975 Helsinki Agreement. They have proved their worth. Western insistence that they should be implemented as a condition of arms control and economic co-operation agreements contributed to the progressive liberalisation of the communist regimes.

The Paris Charter for a New Europe is, therefore, more than just a symbolic document marking the end of the Cold War, in spite of its limitations. It provides Europe with a clear code of conduct, conciliation machinery and institutions which should set the stage for much closer east-west co-operation in the years to come.

# The Pru breaks an egg

OVER the past four years the accelerating pace of deregulation in Britain's financial markets has ruthlessly exposed weaknesses in strategic thinking at the top of several well-known institutions. Even so, the abruptness with which Prudential Corporation, the biggest UK life assurance group, this week reversed its earlier decision to invest in a network of estate agents came as something of a shock. The upheaval in retail financial services has generated fewer press headlines than the predominantly wholesale revolution in the securities markets. The losses have also been smaller in relation to capital employed. But when the company that boasts the largest amount of funds under management in the UK acknowledges error on a formidable scale, the investing public is entitled to sit up and take note.

Unlike the securities business, where brokers and market makers seek to earn the greater part of their living from a handful of sophisticated institutional investors, the retail financial services sector is a mass market which still contains obvious pockets of unsatisfied potential demand. There is more elbow room for those who choose to compete for the nation's savings, even if the barriers between the traditional categories of savings institutions have been substantially eroded, thereby increasing competition. The problem, at its simplest, is to find a profitable route to customers with whom lifetime relationships can be forged. Any misjudgment over strategy or implementation can be relied on to emerge quickly because of the cyclical nature of the business.

## Institutional access

Deregulation in retail finance holds the promise, for any given class of financial institution, of access to customers who have hitherto been off-limits. Insurers can contemplate moving into deposit banking; securities brokers offer bank accounts with cheque facilities to rich individuals; banks and insurance companies together see attractions in estate agency, which has traditionally been regarded as no more than a cottage industry.

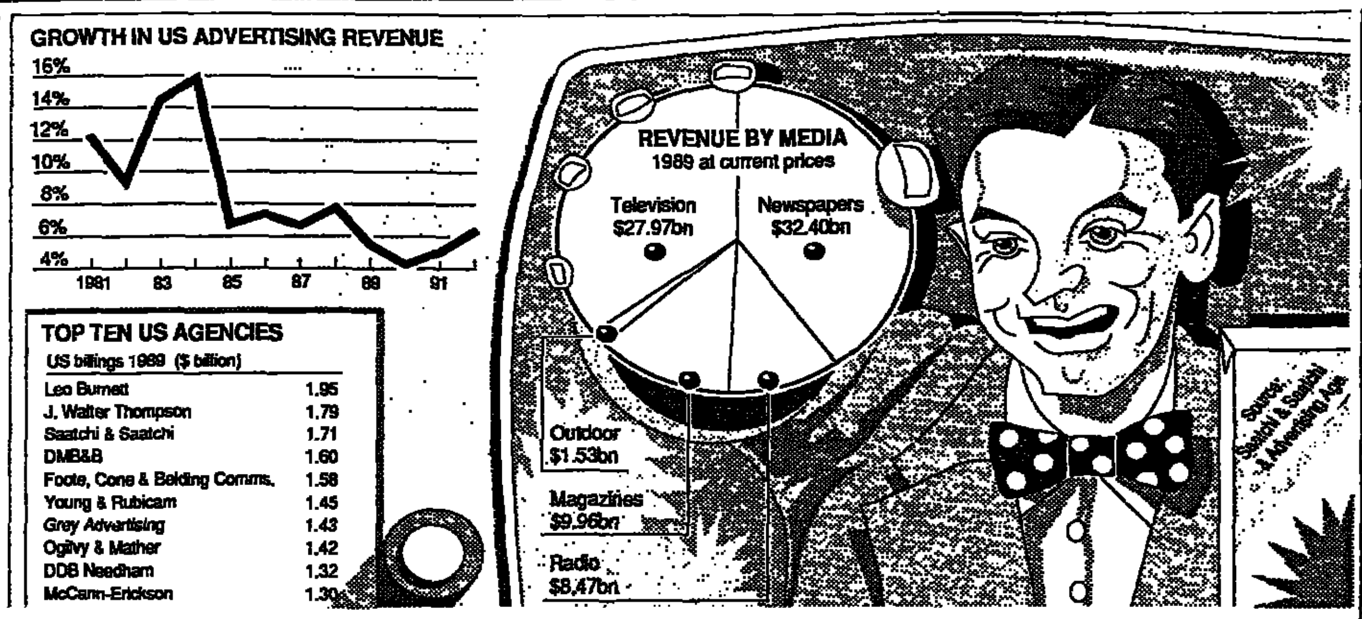
There is genuine logic in such conglomeration, in that many individuals have neither the time nor the inclination to shop around for all the financial services that they require. And there may ultimately be room for more, and more varied, forms of conglomerate than in wholesale finance, where markets appear unable to accommodate more than a tiny number of firms offering a full range of products.

## Compulsion risk

Yet there is also a risk, in the absence of effective regulation, that the conglomerators will seek to compel individuals not to shop around, once they have stumbled into a one-stop shop. Above all, there are managerial challenges for the would-be conglomerator in establishing the extent of the potential and in implementing the strategy. Cultural constraints, inadequate training and skills, poorly-designed incentives, all militate against effective cross-selling.

The thinking behind the Prudential's original move into estate agency was that those who had first access to the customers in the most important financial transaction of their lives – home purchase – would establish a competitive edge not only in selling mortgages but everything else besides. Having lost £48.9m on estate agency operations last year after sinking £230m into the business, the big insurer has now concluded that the scope for cross-selling a wider range of products was over-estimated.

Many of the Prudential's competitors disagree, despite mounting losses. Only time can provide a verdict. But the saga underlines, once again, the difficulty of moving from a familiar business into new and unfamiliar territory – especially when management has hitherto been cushioned by a regulatory ring fence. But at least in the Prudential's case, unlike that of the clearing banks, there is no ownership protection. At a time of deregulation, the proverbial omelette cannot be made without breaking an unusually large number of eggs. The important thing is that discipline should apply to the more clumsy chefs.



TOP TEN US AGENCIES
US billings 1989 ($ billion)

| | |
|---|---|
| Leo Burnett | 1.95 |
| J. Walter Thompson | 1.79 |
| Saatchi & Saatchi | 1.71 |
| DMB&B | 1.60 |
| Foote, Cone & Belding Comms. | 1.58 |
| Young & Rubicam | 1.45 |
| Grey Advertising | 1.43 |
| Ogilvy & Mather | 1.42 |
| DDB Needham | 1.32 |
| McCann-Erickson | 1.30 |

# American advertisers pull in their horns

**Alice Rawsthorn** reports that US agencies are struggling with *structural change in the industry as well as pressure on margins*

These are troubled times on Madison Avenue. The US advertising agencies are cutting costs and shedding staff. The headline splashed across the front page of last week's Advertising Age magazine said it all: "Unemployed".

Earlier this week CBS, one of the largest US media groups, forecast a fourth-quarter loss, and WPP, the UK company which owns two of the biggest US agencies, issued a profits warning – both partly thanks to the weakness of the US advertising market.

Ogilvy & Mather, one of WPP's agencies, recently announced a round of redundancies in New York. Other agencies – Young & Rubicam, N.W. Ayer and D'Arcy Masius Benton & Bowles – have also shed staff.

This is no parochial matter. The US is the world's biggest advertising market and accounted for almost half – $80bn (£40bn) – of the money spent worldwide on media advertising last year. All the global marketing groups depend on the US for a high proportion of their income. The problems there have already prompted Saatchi & Saatchi, another UK group with significant US advertising interests, to accelerate its proposed refinancing programme.

The US is also important in that trends set there tend to be replicated in other countries. Agencies in the other maturing advertising markets – notably Japan, the UK and France – are watching the US to gauge whether its present problems reflect short-term recessionary pressures or longer-term changes in the structure of the advertising market.

Advertising is one of America's most successful exports. For decades the international advertising industry was controlled from New York and Chicago. But in the mid-1980s the US market weakened and British agencies, led by Saatchi and WPP, made the most of the strong pound and their high share prices to stage acquisitions in the US.

By the beginning of this year the tide had turned. The UK ad industry had slid into recession and the US agencies returned to the ascendant. The Madison Avenue ad men have relished the spectacle of Saatchi and WPP struggling with the debts amassed by their US acquisitions. The US agencies even started to make acquisitions in the UK.

The Americans are now, however, back on the defensive. After a period of sluggish growth in the late 1980s, the advertising market has become much, much weaker since the start of this year.

"The market has become very competitive", said Mr Philip Geier, chairman of Interpublic. "Some large companies are spending more to build share for major brands. But they have cut budgets for secondary brands. Small and medium-sized companies are cutting back across the board."

Nor is there any immediate prospect of improvement. "So far we have not seen really dramatic cut backs", said Mr Bruce Crawford, chairman of Omnicom, which owns BBDO and DDB: Needham. "But there is no doubt that the next two or three quarters will be tough."

This slowdown could scarcely have come at a worse time for the US agencies. They have just emerged from a period of radical restructuring after the acquisitions in the mid-1980s.

The US industry is also struggling to adapt to structural changes in the advertising market. One of the main trends of the 1980s was the shift of marketing expenditure away from media advertising into tactical promotions such as coupons and price cutting.

This trend partly stems from increasing consumer sophistication, which has created a need for "niche" rather than mass marketing, but also from the fragmentation of the US media, with the growth of cable television and consequent erosion of the power of the networks. This has made it more difficult, and also more expensive, for advertisers to conduct conventional mass-marketing campaigns.

In the late 1980s the trend towards tactical promotions accelerated as the wave of leveraged buyouts intensified the financial pressure on companies. In theory, this should have created opportunities for the agencies to diversify into new areas. In practise, the agencies are still struggling to find ways of servicing their clients in these new disciplines.

Some companies, such as Foote Cone & Belding, are experimenting with ways of offering fully-integrated marketing services which encompass advertising, sales promotion and all the other disciplines. Others, like Leo Burnett, still have comparatively small interests outside advertising.

At the same time, the ad industry is under political attack. A plethora of legislative proposals – everything from taxes on ad revenue, to curbs on tobacco advertising – has surfaced in recent months. The industry has quashed almost all of them, but the onslaught shows no sign of stopping.

To make matters worse, agency remuneration has come under intense pressure as a result of client cost-cutting in the 1980s. The old system of a 15 per cent commission on media billings is now an anachronism. It has been replaced by a potage of fees, commissions and sliding scales, which in almost every case add up to less than 15 per cent.

This means that agencies are operating on lower margins than in the last recession of the mid-1970s. Moreover, most agencies have been cutting costs steadily since the mid-1980s and have little scope for further cuts.

Mr John O'Toole, president of the Association of American Advertising Agencies, is concerned that this could cause serious problems particularly for "smaller, undercapitalised agencies". The AAAA has already seen 20 members, mainly small companies, go under this year.

One of the chief concerns for the US advertising industry is that a prolonged period of recession could create an opportunity for foreign predators to prey on American agencies, just as the British did in the mid-1980s.

The British, bruised by their own recession, are scarcely in a position to make more acquisitions in the US. But a number of French and Japanese agencies are eager to do so.

Earlier this year Boulet Dru Dupuy Petit of France bought a sizeable minority stake in Wells Rich Greene, one of the oldest New York agencies. Eurocom, another ambitious French agency, recently made an offer for BSB, one of the Saatchi agencies. The offer was rebuffed but Eurocom is still intent on US expansion.

It, like other ambitious European and Japanese agencies, will have to act quickly. The US agencies may be bracing themselves for another gruelling year in 1991, but they still have 1992 to look forward to – election year and Olympics year, both times when American companies have always spent lots of money on advertising.

# OBSERVER

## Back at the bank

■ There will be sighs of relief at the Royal Bank of Scotland now that George Younger has stepped down from leading Mrs Thatcher's less-than-glorious re-election campaign.

Although the bank insisted to the last that there was nothing inherently wrong in having its deputy chairman engaged in political activities – he is, after all still MP for Ayr – it was evidently uneasy about his involvement in the leadership contest.

Mr Younger took up a directorship of the Royal Bank Group after he stepped down as defence secretary in 1989. His job there is now supposed to be virtually full-time, and he is expected to succeed Sir Michael Herries as chairman of the group in due course.

When the bank accepted that he would continue to play a role in politics, it was thinking more in terms of issues such as the future of the threatened Prestwick airport in his constituency than the national leadership.

The bank claims that there was always far more concern in the media than there was within its own walls about Mr Younger's role in the contest. But it was nevertheless dismayed at the fact that his relationship with Mrs Thatcher was attracting a good more attention than its latest cross-border electronic banking system.

"The number of man-hours we've spent fending off the camera crews . . . " someone at the bank grumbled yesterday.

Apparently, yesterday should have been the busiest day of the year for Mr Younger – not because of any prime ministerial post mortem into the conduct of the campaign, but because it was the day the boards of the group (of which Younger is deputy chairman) and its subsidiary, the bank (which he chairs) finalised their annual accounts in Edinburgh for presentation next week.

"He was dealing with much more important matters than the leadership of the country," said a Royal Bank official, recalling memories of the "Aberdeen man lost at sea" headline which appeared in an Aberdeen newspaper after the sinking of the Titanic.

## Unstuck

■ Relations between the United Nations and the European Community appear to be coming unstuck: and all on the question of a postage stamp.

Fresh back from saying goodbye to the cold war in Paris, the 17 European Commissioners will today discuss an allegedly anti-semitic postage stamp issued by the UN and the even more bizarre allegation that the UN is trying to cover up the whole story.

The stamp, which was issued to celebrate the eighth UN congress on crime prevention, was described a few weeks ago by socialist MEPs as anti-semitic because it appeared to show a group of three orthodox Jews making away from the scene of a crime with bags of booty slung over their backs.

Now MEPs are talking darkly of cover-ups by the UN, claiming that UN sources said the stamp was a fake issued by an angry official in an attempt to discredit the organisation. The European Commission, usually only too happy to ignore the parliament, is taking the matter surprisingly seriously and has squeezed it on to the agenda for today's meeting.

Strange, seeing as the UN has already attempted to explain itself in the letters column of the Financial Times. It said the caricature was intended to represent three 19th-century robber barons in top hats and had been specifically chosen by an international panel so that no particular racial or ethnic group would be identified.

"It's the nightmare scenario – we've run out of Beaujolais Nouveau."

## Few sparks

■ Excitement over Impact Day – yesterday's announcement of the electricity privatisation share price – was somewhat dampened by the fact that the figure of 240p had been widely predicted in the national press over the weekend.

There was disappointment, too, for anyone who thought events within the Conservative party might spice things up by putting a spanner in the works of the well-oiled privatisation machine.

City brokers have been saying among themselves for some time that an outbreak of hostilities in the Gulf was in danger of turning Impact Day into an unfortunate choice of phrase. But no ominous noises, either from Iraqi tanks or from the Conservative bunker, were permitted to penetrate yesterday's hushed and slickly-orchestrated gathering at London's Cumberland Hotel.

The climax came when, at the press of a button, John Wakeham, Energy Secretary, set a screen alight with flashing images of kettles and table lamps which finally resolved themselves into that magical 240p figure. Had it not been for the assembled hacks' determination to ask Mr Wakeham about the Conservative party crisis, guests might have been forgiven for thinking they had strayed onto the set of The Price Is Right.

Mr Wakeham was prepared for the questions and deftly fended them off. One thing on which all potential Conservative party leaders were united, he pointed out, was the privatisation of the electricity industry.

## Fashion victim

■ Following yesterday's style note on the growing acceptability of the rucksack, I now have to report that readers sporting blue jeans with six-inch slashes at the knees – the so-called distressed look – are about to make that all-too-swift transition from avant-garde to passé.

My wardrobe advisers tell me that the latest craze about to sweep across the Atlantic from the US is for jeans that have been blasted with a 12-bore shotgun. The first pairs, made by the Jet Clothing Company of Wakefield, have already gone on sale in Britain at £50 apiece.

Kevin Burton, Jet's sales director, says the hefty price tag will not deter buyers because the pellet-peppered jeans are bound for "high-class, up-market shops." The first pairs are tailored for men, but a women's version is also planned.

Fashion tip: readers seeking to economise by applying the 12-bore treatment to their existing jeans should take care to remove them first.

BOOK REVIEW

# Vignettes from the minorities

VOICES FROM THE IMMIGRANT COMMUNITY IN CONTEMPORARY BRITAIN
**By Jonathon Green**
*By Jonathan Green, Secker & Warburg, £16.99, 421 pages*

In 1949 there were only about 100 Asians in Birmingham. Although there were pockets of immigrant communities scattered around the country, they were the exception rather than the rule. At least until the mid-19th century, Britain on the whole was a country that people left rather than settled in. There were exceptions, to be sure, like intellectual refugees. But in general seekers of a new life tended to prefer the new world to the old.

Shortly after the Second World War, all that began to change. Britain – which in this context means mainly England – has been the recipient of immigrants not just from the old and new Commonwealth, but also from eastern Europe, south-east Asia and even the US. The most obvious waves were from the Caribbean and then from India and Pakistan. In 1954 some 10,000 West Indians arrived; the inflow in 1961 was about 75,000. By that time, there were also more than 40,000 Asian arrivals a year. The wave of East African Asians came shortly afterwards.

There are now about 4m immigrants (first and second generation) altogether, which Jonathon Green curiously miscalculates as 2 per cent of the national population. The figure given in the latest edition of Social Trends is 4.5 per cent, about two-thirds of whom are from the West Indian/Guyanese and Indian and Pakistan ethnic groups. Whether that is a large or a small number overall depends on which end of the telescope you look through. Certainly it is big enough to make many English cities look remarkably cosmopolitan and therefore quite different from the past. It is also small enough to suggest that Britain has not been swamped, though problems tend to be concentrated in particular areas.

In gathering a selection of views from the immigrant communities, Mr Green has taken what in opinion poll terms is called the random approach: there is no attempt at surveying statistical quotas. He has also gone for the articulate intellectuals rather than (say) the young blacks without a job. And he has stuck basically to two questions: why did you come and how did you find it?

His book consists of interviews with 103 first generation immigrants, mostly conducted last year. His method is to dot about from one interviewee to another, while avoiding making direct comments himself. At the very least, such a format makes for some interesting anecdotes and a few rough generalisations.

To take the latter first. The West Indians came because economic conditions at home were depressed and they wanted jobs. Pakistanis came mainly because they liked the prospect of making money. The East African Asians came because they had British passports and because of the political conditions in parts of East Africa in the late 1960s they had almost nowhere else to go. The English language had a good deal to do with it.

By and large, however, it was not an idealistic pilgrimage to the mother of Parliaments or the home of democracy. Immigrants came more because of the place they wanted to get away from rather than a specific admiration for Britain. Many of them – white as well as black – have found that not only the climate is cold. On the evidence of this book, the British do not often take warmly to foreigners in their midst.

Nguyen Duc Phuong is an engineer from Vietnam and was one of the boat people. "To us all foreigners were the same," he said. But since it was a British ship that picked him up, he was sent to England where he seems to have settled happily enough, though he would like to go home if the Vietnamese regime ceases to be communist. Po-Yee Wong came because there was no Chinese medical school in Hong Kong, but had to settle for nursing.

Yet there are exceptions to the relative British lack of hospitality. The country has been particularly welcoming to Czechs, to some South Africans and even to Latin Americans during the Chilean and Argentinian dictatorships. Perhaps that is because Britain is more sympathetic to political refugees than economic migrants.

There is, too, a curious British eccentricity. Few immigrants can have been better treated than those interned during the war. The now Sir Claus Moser had a university in his camp "with Nobel prize-winners among the teachers". There was a bank and camp currency; someone set up a camp statistics office and that was how Moser set off on his statistics career.

Other interviewees include Bryan Gould, the member of the Labour shadow cabinet who made his way on a Rhodes scholarship from New Zealand. He says that he accepts the stereotype of an Oxbridge graduate dark-suited Englishman: "You don't need to wear jeans to the office to demonstrate your radicalism." Bernie Grant from Guyana has also settled down as a Labour MP, even though his initial heroes were Che Guevara and Fidel Castro and he says he originally came here only to get some education before going home. The book is worth reading for these vignettes alone.

**Malcolm Rutherford**

*ECONOMIC VIEWPOINT*

# Prime ministers: a case for fixed terms

**By Samuel Brittan**

One of the most frequent remarks made by British Conservative MPs worried by the current leadership struggle is that this kind of contest must not be allowed to take place again. They say that the rules of the contest were devised for opposition, not government; and that it is wrong that the prime minister should have to offer himself or herself for re-election as party leader every year.

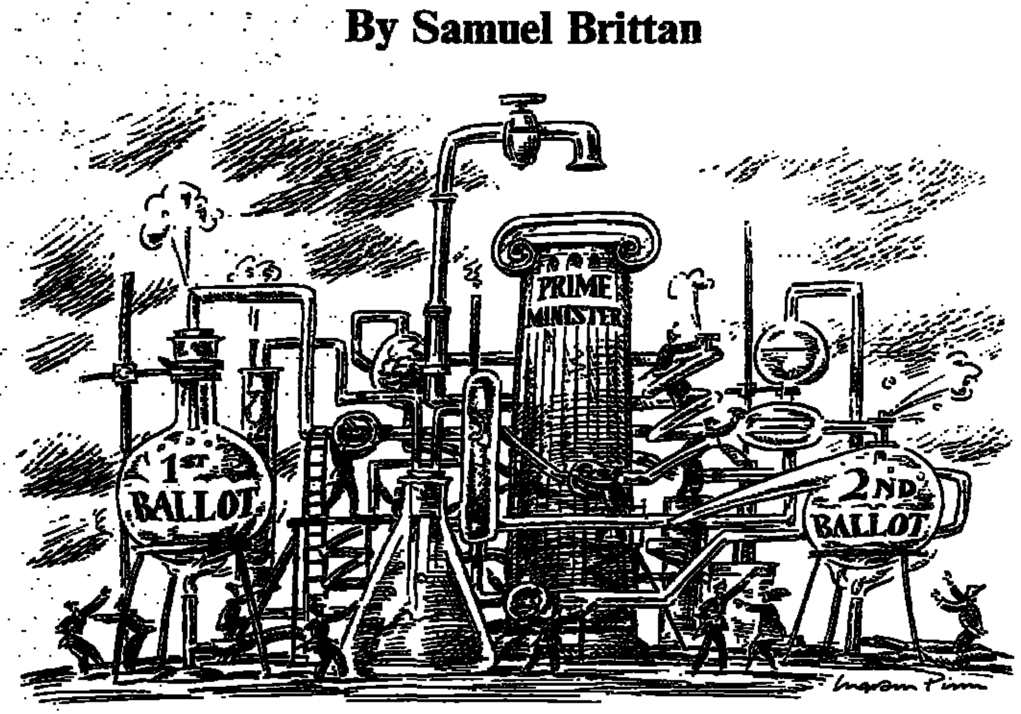
On their own these propositions are plausible. But they cannot be taken on their own. The British prime minister has more power concentrated in his or her hands than any other western leader (the closest competitor being the French president, but when and only when the independently-elected legislature is of the same political colour).

The British premiership is unique in combining the roles of head of government (including the civil service), leader of the ruling political party and leader of that party in a legislature subject to no checks and balances other than those of fading conventions. Above all, the post is the source of most patronage, extending far beyond the headline political appointments.

In principle, the prime minister has to carry the cabinet and the party in parliament. But the string of resignations, and the convulsions of the last couple of weeks, have shown how difficult it is to mount a challenge from these quarters without near civil war and the most bitter recriminations. The US president is more indisputably master of his cabinet, members of which are only instruments and advisers. But he is subject to the strong checks of an independent Congress, quite separately elected (even on the rare occasions when it is of the same party) and a *Supreme Court* with a clear constitutional role.

This is not the prelude to a draft of a written constitution for the UK – the case for which my colleague Joe Rogaly has frequently and eloquently put forward. It is simply to make a modest proposal to balance any moves to make it more difficult to overthrow a reigning prime minister. The proposal is is that a prime minister should normally serve for a fixed number of terms.

The idea is, I am glad to say, not original, but based on Article 22 of the US Constitution, which states: "No person shall be elected to the office of president more than twice"; and that no person who has succeeded a president with more than two years of his four-year term left to run can be elected more than once. This Article, which was ratified in 1951, was introduced after President Franklin Delano Roosevelt had died in harness after nearly four consecutive terms, leaving an inexperienced Harry Truman to pick up the baton.



The arguments for a roughly *similar provision in Britain* are overwhelming. In the present context, Mrs Thatcher would have retired full of honours after winning the 1987 election, young enough to take other national or international posts if she so wished. If a three-term variant had been adopted, Conservatives would know that they would be fighting the next election under a new leader, without the need for cabals and plots. Members of her cabinet would have been able to stand for the leadership without accusations of disloyalty; and the choice of serious successors in the first ballot would have extended far beyond Michael Heseltine.

**The British prime minister has more power concentrated in his or her hands than any other western leader**

Moreover, most of Mrs Thatcher's most fervent supporters would probably concede that her main achievements – such as the taming of union power, the key acts of deregulation and even the renegotiation of the British budgetary contribution to the European Community – belong to her first two terms.

But the arguments for a two-term limit do not depend on immediate specifics. If they did they would be suspect. The fact is that very few people indeed know when the time to go has arrived. The longer they stay, the more they think they are indispensable, that no successor has yet emerged, and all the rest of it. My own concern to limit the powers of an activist prime minister goes back to the days of Harold Wilson. (I did not know that Wilson would spring a surprise resignation in 1976, just into his second spell of office.) But this is the exception that proves the rule.

Obviously, there are many variants of the proposal for a fixed number of terms. Should it apply only to the prime minister or to a leader of the opposition as well? Should it relate *to continuous terms in office*, so that a prime minister could come back after being out of office for several years? These important details can be discussed once the principle is accepted. There is no need to follow the US precedent slavishly.

**The fundamental question is whether the object of a political system is to achieve perfection or to minimise harm**

The main argument against limited terms is that on occasion an outstandingly good prime minister will have to give way to a less good successor, because of an arbitrary time limit. This brings us to the fundamental question of whether the object of a political system is to achieve perfection or to minimise harm. The case for limited government, including a limited government role in the economy, depends on the minimising harm proposition.

One advantage of limited terms is that a start can be made without passing laws. Indeed either of the main political parties could decide to build such a limit into its rules; and if it worked well, the other would copy it. Thus the approach can be evolutionary, without a timetable and grand declarations, thus embracing all the virtues on which the so-modest British so pride themselves.

Ultimately it needs to be part of a much wider series of reforms designed to limit elective *dictatorship*. The ultimate shortcoming of Mrs Thatcher's period of office is the lack of interest in the constitutional dimension – not that Michael Heseltine has shown much interest in limiting government.

The superiority of the market over political process lies in the market being a continuous referendum, in which people purchase the services they want in quantities and qualities of their choice, subject to their budget constraint. Voting at general elections is by contrast a choice between two large bundles of all-or-nothing variety. In a real market no one would say that a majority of one is enough, as both majority and minority are able to satisfy their preferences independently.

Nevertheless, political choice is a necessary evil in all those areas where markets alone will not suffice. Majority voting is not a Holy Grail, but a particular decision rule. Requirements *such as a 15 per cent lead over* other candidates, which have been so much criticised in the current contest, do not eliminate the coercive element; but they do reduce it by requiring the winner to build up a larger coalition in support before a majority can impose its will on a minority.

There can be no reasonable objection to members of parliament, who have a much better knowledge of the candidates, selecting their leader rather than the party faithful or the mass electorate. The place to give the wider electorate a role might be in primaries for the selection of candidates, which could help to protect them from the pressures of local activists. But I had better stop or I shall alienate potential supporters of limited leadership terms by bringing in too many other issues.

**Wage bargaining**

# How to survive the ERM and avoid recession

**By Richard Layard**

We are moving into an extended recession. And for what? Simply because we can think of no more intelligent way to reduce inflation from 8 to 3 per cent.

Given Britain's entry into the exchange rate mechanism of the European Monetary System, de-escalation is inevitable. But there must be a better way of achieving it than through mass unemployment and ravaged profits.

To find a way, one must understand our present predicament. Everyone agrees that it would be far better to have 5 per cent wage growth (and 3 per cent inflation) than 10 per cent wage growth (and 8 per cent inflation). So why not move at once to 5 per cent settlements?

If everyone agreed to do this, everyone would gain. But under present arrangements, there is no mechanism for producing such an agreement. Instead, the government exhorts companies to do it on their own.

But there is no chance this will happen, without a recession. For why should one set of bargainers settle for 5 per cent, with no guarantee that others will do the same? It would be madness. The workers would refuse because they could not rely on price inflation falling. And the company would not want it either because, if other companies continued to settle at 10 per cent, they would lose workers and face a hostile workforce.

There are two alternatives. Either we continue our present ways and de-escalate painfully and slowly through a prolonged recession; or we co-ordinate the de-escalation.

I suggest that the government invite the Confederation of British Industry to develop an immediate plan for the reduction of wage settlements to the German level. To produce an effective plan, they would doubtless wish to involve the Trades Union Congress. But in the last resort pay must be the responsibility of those who pay it.

There will be many objections to this proposal. First, that the CBI does not have the credibility to perform the task. I disagree. Organisations, like people, can acquire credibility remarkably fast when they are given a job to do.

The proposal will of course require the CBI to recommend a maximum level of settlement which should not be exceeded except for acceptable special reasons. This provokes a second objection: that everyone's position is special. This is untrue.

Contrary to the standard claptrap, the vast majority of settlements at present lie within a range of 2 percentage points. The main factors affecting individual pay settlements are the level of other settlements and the rate of price inflation. It is precisely this which makes a co-ordinated de-escalation feasible.

We cannot afford to continue the rhetoric to the effect that "everyone is different". The Germans understand clearly the logic of collective action on pay. They know that there will be a going rate (as there is in Britain), and therefore they act to secure a rate that is in the national interest. If we are to compete with them, we must take the lead from their more centralised approach.

We shall never be competitive if we continue to assert that high wage growth is justified in high-productivity-growth companies, provided unit costs do not rise. This is a fallacy. Where productivity growth is high, unit labour costs (and thus prices) should fall – as they do in the countries with which we compete.

A third objection is that a rapid de-escalation would reduce real wages, which will upset the unions. Price inflation, it is said, will fall later than wage inflation. This is true in any de-escalation. But the key point is that the lag can be reduced if the de-escalation is co-ordinated. With unco-ordinated de-escalation and prolonged recession, the fall in real wages would be worse.

It is, of course, true that Britain is already uncompetitive. Our relative unit labour costs in manufacturing are now 47 per cent higher than they were on average in the 1970s, which explains our external deficit. At some stage we will have to become more competitive by inflating less than the rest of Europe, with resulting consequences for the real wage. But this, too, will be easier if we co-ordinate.

If we do so we shall have less recession and hence a larger tax base. We can thus finance our public expenditure with lower tax rates. This in turn will offset the real wage effects of de-escalation, making hair shirt talk less necessary. So in every way a co-ordinated de-escalation is best.

But then we meet the fourth objection to my proposal – that this is a short-term remedy to a long-term problem. Not at all. This is the basis of a long-term solution. We need a radical transformation of our bargaining system, which currently encourages wage leap-frogging. We ought to move to a more co-ordinated system of bargaining as prevails elsewhere in Europe. But changes of this kind do not happen gradually. They happen in jumps when people are sufficiently worried. Now is the time to worry – and to jump.

Some will argue that this means a returnto the bad old-fashioned ways. Not so. We are not talking about an incomes policy imposed by government. We are talking about self-regulation by employers, in consultation with the unions. When City firms find they have a common interest, they regulate themselves. UK industry should do the same.

Entry into the ERM makes this imperative. It also makes it easier. For it is more difficult to secure a common approach to wages when you are guessing about the level of foreign prices. In 1976 the pound's depreciation shattered any consensus about wages. We now have the anchor of the fixed exchange rate.

Let us use it as the fulcrum for a new consensual approach – exactly as it is used by our European competitors. And let us not adopt the most old-fashioned approach of all – protracted recession.

*The author is director of the Centre for Economic Performance at the London School of Economics. His views appear more fully in* Britain and EMU *by Karl Otto Pöhl and others, obtainable from the Centre.*

# *LETTERS*

## New funds for unemployed 'just a fig leaf'

*From Dr John Philpott.*

Sir, At first glance, the announcement that the government is to spend more on helping long-term unemployed people find jobs by way of Job Clubs and the Job Interview Guarantee Scheme (JIGS) appears to be good news ("Extra funding announced to help skilled jobless," November 13). Important though training undoubtedly is, it has for long been recognised as only one of several ways to combat long-term unemployment, and official acknowledgement of this is to be welcomed.

On closer examination, however, the news is far less good, since the additional £15m to be spent on Job Clubs and JIGS must be set against the £300m to be slashed from the Employment Training (ET) budget between now and 1991-92. If the government were really interested in helping the long-term unemployed back to work, spending on employment programmes would be raised in tandem with higher spending on ET. As it is, the relatively small additional sums for Job Clubs and JIGS are nothing but a fig leaf to disguise the reality of the government's spending plans.

With unemployment rising, spending on employment and training programmes should be raised to counter a re-run of the early 1980s when the level of long-term unemployment rose above 1m. In particular, Britain should aim to emulate competitor countries of the European Community, the governments of which are increasingly aware of the economic costs imposed by a build-up of long-term unemployment.

France and Germany, for example, currently spend £12,000 and £7,000 per trainee per year on training programmes for the long-term unemployed, compared to only £5,000 spent on each ET trainee. The UK government's decision to cut expenditure on ET is even more depressing in that context. In due course we will undoubtedly come to see the proposed cuts as a false economy – and almost certainly live to regret them.

John Philpott,
*director, Employment Institute,*
*Southbank House,*
*Black Prince Road, SE1*

## UK fails Thatcher's own tests of democracy

*From P. Devlin.*

Sir, In an article by the prime minister ("My vision of Europe – open and free," November 19) she claims to be in the vanguard of the European democratic process.

She goes on to cite two tests to prove this: namely, that governments should be accountable to their parliaments, and that within the EC there are "few which are more accountable to their parliament than ours".

Surely the proper test, as seen recently in eastern Europe, is that governments should be accountable to the people they profess to govern.

Within the EC there is no more undemocratic government than ours – an unelected second chamber and voting rules that allow huge majorities on minority popular supports.

Her second test is that of "subsidiarity" of decision making. Here she again fails her own country – there is no more centralised government within the EC. Local government in Great Britain is essentially just another department of Whitehall. Britain is by both standards the least democratic nation within the EC.

Before she points the finger at others she should put her own house in order.

P. Devlin,
*22, Fonthill Road,*
*Islington, N4*

## Steel has been featherbedded long enough

*From Mr Martin Clarke.*

Sir, I read the profile of developments in the steel industry with great interest ("A veteran warhorse keeps pace," November 1).

Most interesting was the statement that the European Steel Design Education Programme is financed by the EC. May I ask how much and why? What is the EC playing at in using public money to subsidise *an industry* that has been featherbedded long enough?

The concrete industry was horrified at the multi-million-pound pre-privatisation advertising programme for British Steel, a subsidy that has played a major part in increasing steel's market share of building frames. All we ask is to play to the same rules.

Employment losses equivalent to Ravenscraig's numbers at risk are occurring every week in the construction industry without triggering parliamentary debates.

The graph of comparative costs of concrete versus structural steel (supplied by British Steel) was a classic example of distortion. There is firm evidence that concrete, precast or *in situ* is cheaper and quicker to build in than steel, coupled with a growing feeling that concrete has reversed the market share trend.

Martin Clarke,
*director of marketing,*
*British Cement Association,*
*Wexham Springs, Slough*

## Why so frightened by Emu?

*From Glyn Ford and Carol Tongue.*

Sir, You report Mrs Thatcher's view that the majority of the British people agree with her in opposing the imposition of a single currency on Britain ("Prime Minister claims wide support for stand on one currency," November 19).

We are surprised that she has so easily deceived you for, as you well know, no aspect of Emu will be imposed on the UK.

Any future measures will be declared *after negotiations* between the 12 EC countries. They can be implemented in Britain only with the consent of the British government.

What is certain is that Mrs Thatcher's belligerent and obstructive approach has marginalised the UK in negotiations so crucial to our future prosperity. A Labour government, committed to positive and constructive negotiation, would not allow British interests to be so severely damaged.

Glyn Ford and Carol Tongue,
*leader and deputy leader,*
*European Parliamentary Labour Group,*
*Strasbourg*

## Criticism of Treasury's Ecu scheme was unjust

*From Mr Paul Temperton.*

Sir, Tim Congdon ("Why a parallel currency is a contradiction in terms," November 14) unjustly criticises certain aspects of the Treasury's hard Ecu scheme but also fails to emphasise the very important loss of sovereignty that the scheme would imply.

The unjust criticism comes at several levels.

First, the hard Ecu proposals, as discussed in the Treasury's Autumn 1990 Bulletin, set out quite clearly the differences between hard Ecu created by the European Monetary Fund (EMF) and the banking sector as well as the distinction between Ecu notes and deposits.

The questions of legal tender status and the composition of the EMF's balance sheet are also addressed.

The loss of sovereignty is more pronounced than Mr Congdon claims.

Specifically, the powers of the EMF would go beyond the ability "to issue currency in Britain and to override the monetary sovereignty of the British government": in the Treasury's proposal, the EMF would have pre-set limits on the size and composition of its balance sheet.

If it were offered an amount of national currency in excess of these limits, it would have to ask the monetary authority concerned to repurchase from it its national currency in return for hard Ecu.

Thus, far from just providing a competing currency, the EMF would actually have powers to restrict national money creation.

Paul Temperton,
*manager, European economic and fixed income research,*
*Merrill Lynch Europe,*
*Ropemaker Place,*
*25 Ropemaker Street, EC2*

FINANCIAL TIMES
Thursday November 22 1990

# Milken is given 10-year sentence

By Nikki Tait in New York

MR Michael Milken, former head of the junk bond department at Drexel Burham Lambert, was yesterday sentenced to 10 years' imprisonment, plus a further three years' probation, in one of the toughest penalties ever passed for securities industry fraud.

Sentencing Mr Milken, who had pleaded guilty to six charges related to securities law violation following a three-year investigation by the authorities, Judge Kimba Wood said: "Serious crimes warrant serious penalties. When a man of your power repeatedly conspires to violate securities laws to enhance power and wealth...a significant prison term is required."

The sentence was stiffer than many legal experts had expected, and contrasts with a plea from Mr Milken's own lawyers for a community service sentence. It significantly outweighs the three-year prison term which the courts imposed on Mr Ivan Boesky, the US arbitrageur whose co-operation with the government contributed to the downfall of Mr Milken and Drexel itself.

Mr Milken, however, can appeal and will not necessarily spend the full term in prison. Mr Boesky, for example, was released early on grounds of good behaviour last April, having served a little over two years of his sentence. Some of this was at a "halfway house".

Mr Milken, who dominated the US junk bond market in the late 1980s, was largely responsible for the rise in Drexel's fortunes from a second-ranking US investment bank to the biggest earner on Wall Street. However, Drexel's subsequent fall from grace has been equally dramatic, and it filed for protection from its creditors under Chapter 11 of the Bankruptcy Code last February.

Accused of cheating clients and stockholders by insider trading and market manipulation, Mr Milken was dubbed Wall Street's public enemy number one by prosecutors.

Michael Milken enters the court yesterday with his wife: 'Serious crimes warrant serious penalties', said the judge

Delivering sentence, Judge Wood said that she had given "considerable thought to lengthy community service". However, she believed that a prison term was required to provide a deterrent for others.

She acknowledged that Mr Milken had already been punished by being barred from the securities industry, by the hefty civil law suits which he faces, and by the fine which he has agreed to pay.

As part of his plea agreement with the goverment, Mr Milken will hand over $200m in fines and $400m in restitution.

Judge Wood's sentence came after an hour-long appeal from Mr Milken's lawyer, Mr Arthur Liman, which had his client in tears several times. Mr Liman dwelt on Mr Milken's record as "a sensitive human being with a social conscience".

But Judge Wood was not moved. Mr Milken's conduct showed "a pattern of skirting the law", allowing him to "get some of the benefits of violating the law without running a large risk."

Her 10-year sentence reflected two-year penalties for each of the five specific offences to which Mr Milken pleaded guilty, and the three-year probationary sentence for a broader conspiracy charge. The maximum sentence she could have imposed was 28 years.

# Land claims in east Germany 'exceed 1m'

By David Goodhart in Bonn

NEARLY HALF of all land and property in what was East Germany is subject to more than 1m claims from previous owners, according to the Treuhand, the trust body which owns most of the former state's industry.

The Treuhand believes that the wave of claims to recover property in the former communist state is creating a continuing disincentive to new investment.

Mr Wolf Schöde, the Treuhand spokesman, said the claims were mainly from people now living in west Germany.

This first unofficial estimate of the extent of the claims roughly coincides with that made by Mr Rolf Lichtner, head of the German Chamber of Accountants, more than one-third of whose members are now working in east Germany.

Mr Lichtner puts the figure at 40 per cent of all assets.

The uncertainty for new investors created by these claims has not been fully resolved by a clause in the Unity Treaty.

That clause gives priority to financially compensating former owners rather than returning property to them, at least where land or buildings were required for the establishment of new businesses in east Germany.

The reason for the continuing uncertainty for new investors, according to Mr Lichtner, is that this clause in the Unity Treaty is being challenged as unconstitutional; moreover, the Constitutional Court in Karlsruhe is not expected to give a ruling until the middle of next year.

"Investors do not want to buy contested property only to find that the courts decide next year that they have to hand it over to someone else," said Mr Lichtner.

Also being challenged in the courts is the decision, underlined in the Unity Treaty, not to tamper with property, (much of it farmland), which was expropriated or seized during the period of Soviet occupation 1945-49, before the establishment of the East German state.

A decision on whether that land too should be subject to claim from former owners is expected in January.

The Treuhand has, meanwhile, stopped providing backing for liquidity credits to the nearly 8,000 companies in its care.

Nearly DM30bn ($20.2bn) was paid out in such credits between July and the end of September, but in October it fell to DM300m and in November to virtually nothing.

The repayment of the credits has been postponed until the beginning of March next year.

Those companies which are worth saving but have no immediate prospect of privatisation can now apply for Treuhand backing for credits to restructure and invest in new equipment.

The Treuhand is expecting such restructuring credits to reach anything between DM50bn and DM100bn over a period of two or three years, according to Mr Schöde.

Most east German companies have failed to meet the deadline of October 31 for producing their first D-Mark balance sheets.

Only 1,000 companies met the deadline but the rest will have to do so by the end of February next year. The balance sheets then have to be audited by the end of April.

Tide of history propels Kohl forward, Page 2

# Shekhar names India's new government

By David Housego in New Delhi

MR Chandra Shekhar, prime minister of India, yesterday ended an 11 day political vacuum in New Delhi by appointing 32 ministers to his government.

Government departments have been without ministers since Mr Shekhar was sworn in on November 10 along with Mr Devi Lal, his deputy. But ministries have had no real political leadership for almost a month since the Hindu radical BJP party withdrew its support from former prime minister V.P. Singh.

Mr Yashwant Sinha, 53, a former senior civil servant and close colleague of the prime minister, takes over as minister of finance. He is one of the few members of the new government with much administrative experience. Mr V.C. Shukla, minister of information during Mrs Indira Gandhi's emergency rule in the 1970s, becomes foreign minister. He only recently switched allegiance to Mr Shekhar's Janata Dal (S) faction.

**Share prices fell sharply on India's main stock exchange in Bombay yesterday after the appointments by Mr Chandra Shekhar failed to impress brokers, Reuter reports.**

**"We have serious doubts about their capabilities," said one broker.**

**The fall reflected doubts over the government's ability to deal with an economic crisis. The index fell 55.55 points to close at 1,265.19.**

Mr Chandra Shekhar retained in his own hands the portfolios of defence, interior, industry, information, labour, welfare and planning, as well as other smaller ministries – an indication of his difficulties in forming a cabinet.

But he failed to draw into his administration any members of Mr Rajiv Gandhi's Congress party or its allies which are supporting him in parliament.

The only minister from another party is Mr Subramanian Swamy, 51, who was expelled from parliament in 1976 for his opposition to Mrs Gandhi's emergency rule, and becomes minister for law and commerce. He has recently been president of the now insignificant Janata party.

Seven ministers, including Ms Maneka Gandhi, the daughter-in-law of Mrs Gandhi, also held ministerial posts under Mr V.P. Singh before breaking away from his Janata Dal movement. Ms Gandhi returns to her former post of minister of the environment.

Only one southern state, Karnataka, is represented in the new administration which draws most of its strength from the two northern states of Uttar Pradesh and Bihar.

After the swearing-in ceremony, Mr Shekhar flew to the Maldives for the summit of heads of government from South Asia. In his first visit abroad as prime minister, he expressed his willingness to discuss with Pakistan and Bangladesh ways of improving relations. The summit will provide an opportunity for him to meet Mr Nawaz Sharif, the new Pakistani prime minister, though diplomats expect little of substance to emerge.

In New Delhi, Mr Yashwant Sinha, the new finance minister, warned that the government would go in for "harsh measures" to solve the country's economic problems. He said the message of austerity must be sent loud and clear to all sections of society.

Background, Page 6

# No chink in the Lady's armour

Continued from Page 1

**"Many people would have said it was too traumatic a day and have stayed in their hotel – but not Mrs Thatcher."**

**In the chamber, it was her duty to report back on the summit. She did precisely that: informing, explaining, occasionally hectoring a little to press home a point, but refusing to deviate from the task.**

**For most of the hour she ignored references to her predicament. But when Paddy Ashdown, the Liberal Democrat leader, referred to the "twilight" of her career, she could not resist a defiant response.**

**"With regard to twilight," she replied, "remember there are 24 hours in the day."**

**One longtime opponent commented:"Whenever she eventually goes you can be sure of one thing – we will not see her like again."**

# Thatcher defies calls to quit poll battle

Continued from Page 1

Mr Tim Renton, the chief whip, and Mr Kenneth Baker, the party chairman, are understood to have warned her that she might lose next Tuesday.

Lord Whitelaw, one of the Conservative party's "grandees", passed on to Mr Renton his view that Mrs Thatcher should make a dignified exit.

Mr Cranley Onslow, the chairman of the 1922 Committee of backbench MPs, told Mrs Thatcher that a majority of Tory MPs believed that she should allow other candidates – including members of the cabinet – to enter the contest.

He was forced to admit, however, that his executive was split. Mrs Thatcher rejected the advice, leaving Mr Hurd and Mr Major the choice between resignation or their support.

She also won strong support from Mr Wakeham and from Mr Norman Tebbit, the former party chairman, for her decision to fight on. Both spent much of the morning with the prime minister planning a new campaign strategy which would give her a higher profile over the next few days.

In typically combative mood, she then emerged from Downing Street to tell the waiting press: "I fight on, I fight to win." In a confident performance in the House of Commons where she delivered a statement on the Paris summit, Mrs Thatcher brushed off suggestions that she had been fatally wounded.

Her supporters predicted that she would deliver a similarly robust performance today, when she will face a motion of no confidence tabled by Mr Neil Kinnock, the opposition Labour party leader.

● Ralph Atkins in London adds: An intensive effort to lobby all 372 Conservative MPs in a last effort to stop the Heseltine bandwagon was under way last night.

The counterattack was being led by Mr John Wakeham, energy secretary, who was appointed campaign manager for the prime minister's last-ditch stand and Mr Norman Tebbit who is leading the public relations battle to secure her political survival.

But Mrs Thatcher appears to have resisted suggestions that she draw on the right-wing "No Turning Back Group" – which includes Mr Peter Lilley, trade and industry secretary, and several junior ministers – to act as her "praetorian guard". Mr Wakeham's selection implicitly acknowledged the need to form a balanced team that can appeal across the party.

Several of the prime minister's supporters privately voiced disquiet yesterday at Mrs Thatcher campaign strategy in the first round.

# Yeltsin tells Gorbachev to put new powers to referendum

By Quentin Peel in Moscow

**MR Boris Yeltsin, leader of the Russian republic, yesterday threw down a direct challenge to President Mikhail Gorbachev, calling on him to hold a referendum on his bid for new presidential powers.**

**His extraordinary proposal came as the Soviet leader simultaneously faced a new assault from conservatives in the Communist party, also calling into question his position and the entire economic and political reform process.**

**Mr Gorbachev was flying home from the CSCE summit in Paris last night, facing a critical moment in his bid to restore central government authority, and simultaneously rewrite the federal constitution of the country.**

**The demand for a referendum from Mr Yeltsin, the man who is both Mr Gorbachev's greatest political rival and his most important potential ally, follows two days of criticism from the Russian president at the Gorbachev plan to take over personal control of the central government.**

**The president's plan would also give executive power to the federation council, the hitherto advisory body of 15 republican leaders – including Mr Yeltsin. However, the Russian leader insisted that the plan was put forward without any consultation with the republics.**

**Although he has stopped short of attacking it head on, Mr Yeltsin has criticised its presentation. "It is as if the sovereign republics or states did not exist."**

**The Soviet Union has never had a referendum and still has no referendum law, although President Gorbachev has himself proposed calling a referendum on whether to allow private ownership of land. However Mr Yeltsin's immediate purpose seems to be more to embarrass the president than as a practical proposition.**

**The other assault on the Soviet president came yesterday from Colonel Viktor Alksnis, leader of the conservative parliamentary group called Soyuz, which is dedicated to preservation of a united Soviet Union.**

**He told the newspaper Sovietskaya Rossiya that "leaders who fail to achieve a practical change for the better (should be) replaced. It's time that we, too, followed this universal human rule." He suggested that the whole process of dismantling the old planning structure should be abandoned.**

**Col Alksnis, a Latvian deputy deeply opposed to Latvian demands for independence, said his opinions were shared by many deputies, although they were not yet the official policy of his group, the largest faction in the Congress of People's Deputies.**

**Col Alksnis warned that "genuine civil war is going on in the country", although it was "in the cold form"; he called for the imposition of direct presidential rule in all regions where nationalist forces were now in control. Those would include the three Baltic republics, western Ukraine, Moldavia, Armenia and Georgia.**

**Meanwhile, Mr Yeltsin pressed ahead yesterday in signing a bilateral treaty with a third Soviet republic – Moldavia, Ukraine and now Kazakhstan – regardless of whether Mr Gorbachev succeeds in persuading all 15 republics to sign a new Union Treaty.**

**● The Soviet Union, faced with a harsh winter, has given western nations a list of food it urgently needs, but says it wants no handouts, Prime minister Brian Mulroney of Canada said on Tuesday, Reuter reports from Paris.**

**The list, including pork, beef, flour, salted butter, powdered milk and peanut oil, had been presented to Canada and other countries, he said.**

**Moscow was trying to negotiate favourable terms for the food, and was not asking for gifts.**

**"They made it very clear they were not looking for alms or handouts, they were looking for a commercial transaction, but obviously one on terms as favourable as possible."**

THE LEX COLUMN

# Floating against the current

**The day for pricing the electricity flotation could have been worse. Grim though the leadership struggle is proving, the equity market continued to ignore it. But applying for the shares is scarcely without political risk. Much may happen between now and the first day of dealings on December 11, conceivably up to and including the fall of the government. Much of that is covered by a yield of 8.4 per cent. The question is how much more electricity has to lose from a Labour victory than the market as a whole.**

**It seems unlikely that an incoming Labour administration would feel bound to continue with the flotation of the generators or the Scottish companies. A privatised distribution network fed by state-owned generators might be manageable. But there is the further likelihood that Labour would tighten the terms of regulation, thus undermining the basis of the sale price.**

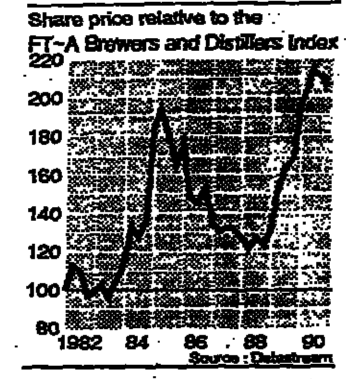
**Politics apart, it is not clear that the 1 per cent range in yields reflects the true differences between the 12 companies. Looking only six months ahead, that range should widen noticeably, even supposing no great differences in the urge of managements to diversify. The arguably less risky water package is yielding around 7.6 per cent prospectively, with big variations in performance between the companies since flotation.**

**Of the factors used to set the yields, it seems regional economic prospects were given most weight, followed by institutional perceptions of the individual managements' ability to cope with the private sector. That leaves smaller investors little better informed than they were at the time of the pathfinder prospectus. The safest course for them would be to concentrate on their local company. As for the institutions, the experience of water suggests that smart money should avoid a re-run of Northumbrian Water, in which a rush of hot money meant almost no shares for anyone. The best strategy might be to apply for the package and adjust the weightings at leisure.**

## Guinness

**Guinness**

**Share price relative to the FT-A Brewers and Distillers Index**



Source: Datastream

**Guinness's £533m purchase of Spain's biggest brewer has a certain strategic symmetry. The hard work of the past few years has been on the distilling side – raising margins, buying distributors and linking with LVMH. That now seems largely complete, leaving time to develop the much smaller brewing business. If beer seems less glamorous, Guinness points out that it has matched distilling in profits growth over the past couple of years.**

**The paradox is that whereas Guinness is one of the few truly international beer brands, Cruzcampo is at best only a national beer and not strong enough as a brand to merit inclusion as such on Guinness's balance sheet. The plan is to develop it as a self-standing Spanish business with no immediate link to the rest of the group. The merit of the idea therefore seems to hinge on buying Cruzcampo for less than it is worth.**

**Then again, an exit multiple of 13 for a business with five-year profits growth of 26 per cent compound looks hard to quarrel with. Guinness's free cash flow this year is likely to be close to £200m. It has spent as much on LVMH shares in each of the past two years as it is spending on Cruzcampo now. One of these days the group's spectacular profits growth is going to slow down, and there must be a limit to how far Guinness can outperform a drinks sector which itself is now at an all-time high against the London market. But yesterday's deal does not bring that time any closer.**

## BAT

**BAT may have escaped Sir James Goldsmith. It cannot beat the Inland Revenue. The moment BAT began taking itself to bits last year, shedding its retailing and paper businesses, it was bound to hit the snag that its UK profits would no longer cover its ACT bill. Thanks to the loss of Argos and Wiggins Teape, together with the bottom-of-the-cycle underwriting losses at Eagle Star, the cost to BAT is about £100m this year. This is not the end of the world, and as Eagle Star's taxable earnings recover from 1991 onwards the problem will ease. But it is a sign that even after allowing for the £800m BAT has spent buying its shares in the last year, the partial unbundling was not an ideal arrangement for shareholders.**

**Some other details from yesterday's nine-month results seem to say the same thing. The 68 per cent plunge in earnings per share was mainly a matter of the falling value of Eagle Star's investment portfolio, which feeds straight into the P & L account thanks to BAT's enterprising way with insurance accounting. More representative of the underlying performance, which is good, is the strong volume growth at Farmers and the 13 per cent rise in tobacco profits to £700m. But the havoc Eagle Star's method of reporting wreaks on BAT's earnings per share is a stark reminder of what an odd thing it still is to have tobacco and insurance yoked together in one company.**

## RHM

**Thank heaven for mango chutney and poppadoms. Apart from Sharwoods' oriental condiments, it is difficult from yesterday's annual figures to identify many real growth prospects among RHM's portfolio of food businesses. To be fair, RHM had some strokes of bad luck last year, such as a hot summer and the Mr Kipling cake contamination episode. In large part, too, the £17m of restructuring costs and a hiatus in property profits were to blame for the severity of the 27 per cent fall in earnings per share. But it remains disturbing that 1990 showed so few signs, aside from RHM's small step into Dutch flour-milling, that the group has positioned itself for expansion in the 1990s.**

**The balance sheet is not a problem, after a series of fortunately timed disposals which have left RHM with net cash of £165m at a time when capital spending is likely to be steady at about £100m in 1990-91. As for dividend growth, 10 per cent looks feasible next year if RHM can manage the recovery to taxable profits of about £150m which the market seems to expect. The problem for the investor is twofold: anxiety about the business's growth trends after 1991, and the potential overhang from the 29 per cent stake controlled by Lord Rothschild and Sir James Goldsmith. On a running yield of 6.2 per cent, the shares are not noticeably cheap.**

## WORLDWIDE WEATHER

| | | °C | °F |
|---|---|---|---|
| Ajaccio | C | 19 | 66 |
| Algiers | S | 22 | 72 |
| Amsterdam | S | 7 | 45 |
| Athens | S | 21 | 70 |
| Bahrain | – | – | – |
| Bangkok | F | 31 | 88 |
| Barcelona | S | 15 | 59 |
| Beirut | – | – | – |
| Belfast | F | 6 | 43 |
| Belgrade | S | 21 | 70 |
| Berlin | C | 6 | 43 |
| Biarritz | R | 8 | 46 |
| Bombay | S | 32 | 90 |
| Bordeaux | C | 10 | 50 |
| Boulogne | F | 7 | 45 |
| Brussels | F | 8 | 46 |
| Budapest | R | 11 | 52 |
| Buenos Aires | R | 32 | 89 |
| Cairo | S | 25 | 77 |
| Cape Town | S | 21 | 70 |
| Caracas | C | 28 | 82 |
| Casablanca | C | 19 | 66 |
| Chicago | – | – | – |
| Cologne | F | 7 | 45 |
| Copenhagen | C | 4 | 39 |
| Corfu | F | 19 | 66 |
| Dallas | C | 19 | 66 |
| Dublin | S | 6 | 43 |
| Dubrovnik | C | 18 | 64 |
| Edinburgh | S | 6 | 43 |
| Faro | F | 14 | 57 |
| Florence | C | 18 | 68 |
| Frankfurt | F | 7 | 45 |
| Geneva | C | 7 | 45 |
| Gibraltar | R | 16 | 61 |
| Glasgow | S | 8 | 46 |
| Helsinki | Sn | -9 | 16 |
| Hong Kong | – | – | – |
| Innsbruck | R | 5 | 41 |
| Inverness | C | 5 | 41 |
| Islamabad | F | 20 | 68 |
| Istanbul | S | 17 | 63 |
| Jakarta | C | 33 | 91 |
| Jersey | R | 7 | 45 |
| Johannesburg | R | 27 | 81 |
| Lima | C | 20 | 68 |
| Lisbon | F | 12 | 54 |
| London | C | 7 | 45 |
| Los Angeles | S | 13 | 55 |
| Luxembourg | C | 4 | 39 |
| Madeira | C | 20 | 68 |
| Madrid | R | 7 | 45 |
| Majorca | F | 18 | 64 |
| Malaga | C | 18 | 64 |
| Malta | S | 22 | 72 |
| Manchester | S | 5 | 41 |
| Manila | F | 32 | 90 |
| Melbourne | F | 28 | 82 |
| Mexico City | F | 25 | 77 |
| Miami | S | 18 | 64 |
| Milan | Fg | 8 | 46 |
| Montreal | C | 1 | 34 |
| Moscow | C | 3 | 37 |
| Munich | R | 6 | 43 |
| Nairobi | F | 23 | 73 |
| Naples | F | 19 | 66 |
| Nassau | C | 26 | 79 |
| New Delhi | – | – | – |
| New York | S | 5 | 41 |
| Nice | S | 16 | 61 |
| Nicosia | S | 23 | 73 |
| Oporto | S | 11 | 52 |
| Oslo | Sn | -3 | 27 |
| Paris | S | 7 | 45 |
| Peking | S | 8 | 46 |
| Prague | C | 5 | 41 |
| Reykjavik | C | -1 | 30 |
| Rhodes | S | 21 | 70 |
| Rio de Janeiro | F | 26 | [illegible] |
| Rome | F | 20 | 68 |
| Salzburg | R | 6 | 43 |
| San Francisco | R | 10 | 50 |
| Seoul | S | 3 | 37 |
| Singapore | F | 30 | 86 |
| Stockholm | Sn | -2 | 28 |
| Strasbourg | C | 8 | 46 |
| Sydney | S | 22 | 72 |
| Taipei | C | 25 | 77 |
| Tangier | C | 17 | 63 |
| Tel Aviv | F | 24 | 75 |
| Tenerife | S | 23 | 73 |
| Tokyo | C | 14 | 57 |
| Toronto | C | 0 | 32 |
| Tunis | S | 23 | 73 |
| Valencia | F | 17 | 63 |
| Venice | C | 11 | 52 |
| Vienna | R | 8 | 46 |
| Warsaw | C | 7 | 45 |
| Washington | S | 2 | 36 |
| Zurich | R | 6 | 43 |

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

FINANCIAL TIMES
# COMPANIES & MARKETS

Thursday November 22 1990

## INSIDE

### British Steel to buy US group

British Steel has agreed to buy Tuscaloosa Steel, an Alabama-based group in which it already holds a 9.6 per cent stake. No price was disclosed for the deal. Tuscaloosa, a 'state of the art' producer of plate and hot-strip steel, was formed in 1984 as a joint venture between British Steel, Tippins International, O'Neal Steel and American Cast Iron Pipe. The deal represents British Steel's most significant acquisition to date in the US. Page 28

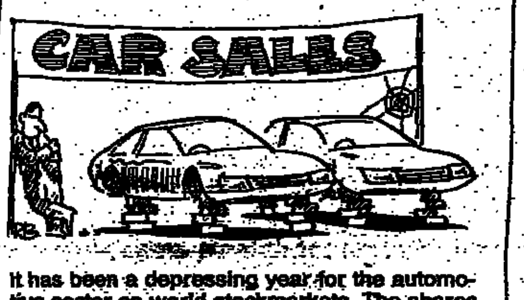
### Coal in a hole

Sanctions bit deeply into South African coal during the mid-1980s. But now, with signs that they may be nearing an end, the industry is heading for a new phase. Coal is South Africa's second-largest foreign exchange earner after gold, so speculation on its future is rife. Not all scenarios are optimistic, however, and few observers expect a big improvement. Philip Gawith reports. Page 31

### Whitbread ahead 16%

Whitbread yesterday announced a 16 per cent rise in its interim pre-tax profits but warned that it faced a difficult second half, particularly in its family restaurant operations. The UK beer, food and leisure group headed by Peter Jarvis (left) reported profits of £149m ($293.5m) in the six months to September 1, against £128m in the equivalent period. Two days ago Whitbread announced the £115m acquisition of 150 Berni Inn pubs and restaurants from Grand Metropolitan. Page 28

### Slow year for car market



It has been a depressing year for the automotive sector on world stockmarkets. The shares of most car-makers began underperforming their local markets early in 1990, on expectations that a slowing in new car sales was inevitable after five years of growth. Then came the Gulf crisis, on top of a weak dollar, and the decline in European carmakers' shares began to quicken. Antonia Sharpe reports. Back Page

### RHM profits drop to £133m

RHM

Rank Hovis McDougall, maker of such traditional British foods as Bisto gravy and Mr Kipling cakes, saw a sharp fall in profits from £176.5m ($347m) to £133.2m. The group was optimistic about the current year, however, predicting a return to growth. Chairman Stanley Metcalfe also said the group had plans to expand in continental Europe and the US, largely through acquisition. Page 30

### Market Statistics

### Companies in this section

### Chief price changes yesterday

| | | | |
|---|---|---|---|
| **NEW YORK ($)** | | | |
| **Rises** | | | |
| Boeing | 43½ | + | 1¼ |
| Eagle Food | 6 | + | ¾ |
| **Falls** | | | |
| Aldus | 24¾ | − | 1 |
| Borland | 25 | − | ⅞ |
| General Motors | 37⅛ | − | 1 |
| Georgia-Pacific | 34½ | − | ⅞ |
| Lockheed | 29¼ | − | ½ |
| Microsoft | 67¼ | − | 1 |
| **PARIS (FFr)** | | | |
| **Rises** | | | |
| Cetelem | 480 | + | 25 |
| Immeubles de Fr | 1215 | + | 35 |
| Spie-Batignolle | 391 | + | 26 |
| **Falls** | | | |
| Eurocom | 650 | − | 38 |
| Havas | 487.2 | − | 28.8 |
| Merlin-Gerin | 455.3 | − | 12.7 |
| **TOKYO (Yen)** | | | |
| **Rises** | | | |
| K'wa Iron Works | 1140 | + | 60 |
| Kyosan Elec | 1570 | + | 30 |
| **Falls** | | | |
| Honshu Paper | 2280 | − | 200 |
| Ijama-Hiza | 621 | − | 27 |
| Kobe Steel | 455 | − | 20 |
| NKK | 365 | − | 15 |

New York prices at 12.30. Frankfurt closed.

| | | | |
|---|---|---|---|
| **LONDON (Pence)** | | | |
| **Rises** | | | |
| APV | 81 | + | 3 |
| BAA | 392 | + | 8 |
| Britannic | 640 | + | 23 |
| Brit Aerospace | 551 | + | 11 |
| Cabra Estates | 20 | + | 5 |
| Gen Accident | 478 | + | 17 |
| Goodhead | 58 | + | 6 |
| Highland Dists | 256 | + | 9 |
| Rank Org | 618 | + | 15 |
| Reed Intl | 373 | + | 8 |
| WPP | 128 | + | 13 |
| Water Pk Uts 2 | 2425 | + | 52 |
| **Falls** | | | |
| Cable & Wire | 413 | − | 10 |
| Foster (J) | 31 | − | 10 |
| JS Pathology | 170 | − | 10 |
| Ladbroke | 270 | − | 8 |
| Logica | 158 | − | 18 |
| Ocean Group | 287 | − | 11 |
| Reuters | 828 | − | 18 |
| T & N | 154 | − | 6 |

Maucher: discussing two possible takeovers 'in the SFr100m category'

# Strong Swiss franc hits Nestlé

By William Dullforce in Vevey

NESTLE, the world's biggest foods group, expects profits to fall this year largely as a result of the strength of the Swiss franc. It said yesterday that sales would also show a slight decline from the SFr48bn ($38.6bn) posted in 1989.

Mr Helmut Maucher, managing director, acknowledged that the 1990 results would fall short of the forecast he had given in May, when he saw turnover rising above SFr50bn and net earnings at least as good, if not better, than 1989.

But, he said, profits would have been satisfactory if one considered the impact of external events over which Nestlé had no control.

The principal influence has been a 15 per cent decline in the value of the dollar against the Swiss franc during the first 10 months of this year.

Had Nestlé done its accounts in dollars, the 4.7 per cent decline in net earnings at the half-way stage this year would have translated into a 14 per cent increase, Mr Reto Domeniconi, finance director, said.

Mr Maucher said Nestlé, which acquired the UK Rowntree foods group in 1988 for £2.8bn ($5.5bn), was discussing two possible takeovers "in the SFr100m category, not in billions".

Real internal sales growth, excluding acquisitions and sales of companies, has been accelerating throughout the first 10 months. Up to March, the rate of increase was 1.4 per cent; at the 10-month stage it had reached 3.2 per cent.

Mr Maucher said this growth in sales had been in line with management's objectives and, even if there were an economic recession worldwide next year, the group should achieve a satisfactory increase in both sales and profits in 1991.

Last year Nestlé turned in net earnings of SFr2.4bn on sales of SFr48bn.

At the 10-month stage this year, Nestlé's total sales amounted to SFr38.1bn, which represents a 3 per cent drop over the corresponding period of last year.

This year's trading margin (trading profit as percentage of sales) would be at least as high as the 9.7 per cent recorded at the half-way stage, but not up to the 10.6 per cent achieved in 1989, Mr Domeniconi said.

Similarly, the 1990 net profit margin was expected to be better than the 4.3 per cent reached in the first six months but not as good as last year's 5 per cent.

The group's financial position remains strong, according to Mr Domeniconi. Net borrowings had declined from SFr5.8bn at the beginning of the year to SFr4.9bn at the end of October. In this case, currency fluctuations had a favourable impact on the group's performance.

# Private lives and public problems

By Charles Leadbeater, David Thomas and Paul Betts

Lord King, British Airways' chairman, could not bring himself to admit it during his presentation last week of the company's interim results. But the implication was clear. BA, the flag carrier of privatisation, will probably make a loss in the second half of the year.

BA is not alone in seeing a fairly gloomy outlook in the short term. For the companies which the UK government privatised in the 1980s this recession will be a new experience.

Almost all of them were floated with strong balance sheets into a growing economy. Privatisation is generally judged to have improved the performance of most of the former state-owned companies. But their managers were given a helping hand by the strong growth of the UK economy in the mid-1980s. This recession will be a clear test of their private-sector managerial mettle and of their relations with their new masters in the City.

A recent survey of privatised companies by United Research the management consultants, found most had cut their labour force, sold peripheral businesses and reorganised their activities to create profit centres. However – apart from those such as BA and British Steel which were plunged into competitive, international markets – few have created a fully commercial culture, especially among middle managers, according to the study.

For those companies which have still not fully adjusted to the commercial world, management inflexibility could now prove a handicap. Most privatised companies are facing much tougher times. For example:

● British Telecom warned two weeks ago that rates of growth of telephone calls and exchange line connections were much lower than last year. Its pre-tax profit rose 16.7 per cent in the six months to September 30. But Mr Iain Vallance, executive chairman, warned the slower growth in demand of the last few months will last well into next year.

The number of people BT employed in the UK was reduced by 5,600 in the first half of 1990; this month it is about 9,000 lower than a year ago. The economic downturn will strengthen the company's determination to push through an ambitious year-long programme to streamline its management and tighter control of the workforce is likely to lead to further 30,000 blue collar job losses over the next three years.

● Managers at British Steel are rolling up their sleeves for another round of cost-cutting, which will particularly affect administrative and management jobs. Also planned are the closure of the Clydesdale tube works and the Ravenscraig hot strip rolling mill, both in Scotland.

British Steel has been hit by a combination of factors: lower UK demand, increasing competition from imports and fierce price competition in export markets. In the six months to September 30 pre-tax profits for the first six months fell 27 per cent to £307m.

While British Steel has net liquid funds of more than £600m, it is difficult to see how it will be able simultaneously to afford continued dividend growth; heavy capital investment in the UK; provisions for rationalisation; and acquisitions abroad. It may have to adopt more modest ambitions in one of these areas.

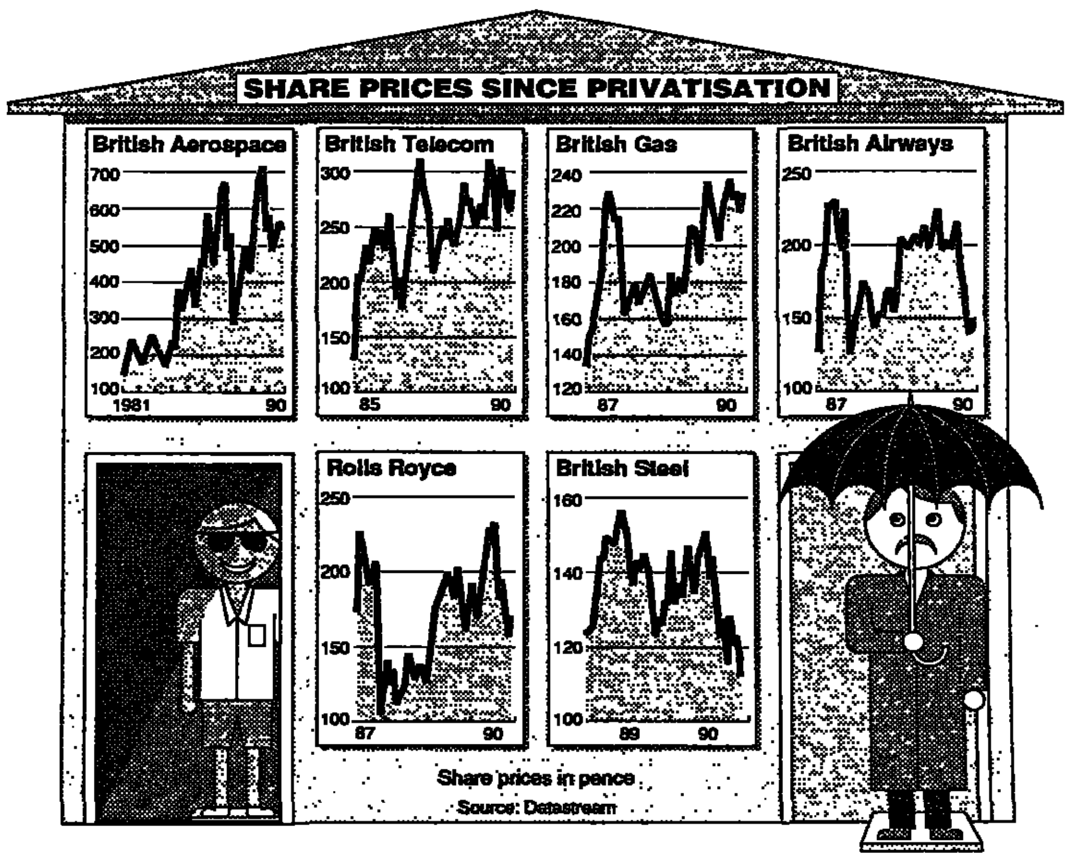
● British Airways, like the rest of the international airline industry, is currently finding life uncomfortable. Soaring aviation fuel prices provoked by the Gulf crisis and slowing traffic growth have put airline costs under heavy pressure.

After reporting a 23.6 per cent rise in first half pre-tax profits to £320m, Lord King warned the airline "did not expect a positive contribution in the second half."

BA had already started to address its cost problems before the Gulf crisis erupted. Early this year it launched a programme of cuts in administrative and operating costs intended to produce savings of £40m a year. This autumn, it began a second phase of cost-cutting measures which will eventually produce additional savings of more than £40m a year. And last week Lord King and Sir Colin Marshall, chief executive announced plans for some "radical new steps" to reduce costs even further.

BA has refused to give details of what these new measures will entail. But Lord King emphasised that the airline did not expect to announce large-scale redundancies, the sale of routes, the cancellation of aircraft orders or the auctioning of assets.

● For Rolls-Royce, the problems in the airline industry could not have come at a more awkward time. Since privatisation, the UK aero-engine manufacturer has pursued a strategy designed to reduce its reliance on military engines by expanding its civil engine business.



The decline in military spending is already taking its toll. Rolls-Royce is rationalising its military operations based at Bristol, reducing its military engine workforce by between 7 and 10 per cent. Now, with financial pressures on airlines intensifying, civil aero-engine customers have begun to cut back on orders – not only for new aircraft but also for engine spares.

At the same time, Rolls-Royce cannot afford to slow its research and development spending on its programme to develop a high thrust engine (the Trent) to compete with new products from General Electric and Pratt & Whitney, its US competitors.

● British Aerospace's pre-tax earnings this year are expected to be "comfortably ahead" of its £333m profits in 1989, said Professor Roland Smith, chairman. It is a view shared by the City. Defence still remains the driving force for profits, strengthened by events in the Gulf.

The downturn in the airline business poses the same questions for BAe as for other aircraft manufacturers. None the less, it is banking on a rising contribution from its share of the European Airbus programme.

● British Gas has more to fear from a mild winter than the recession, since households account for over a half of its gas demand. Oil price increases, while tending to depress the economy, are on balance a plus for gas, oil's traditional competitor.

Nevertheless British Gas will not be left untouched. The slowdown in housebuilding, plus the recessionary squeeze on commercial and industrial customers, will slow the growth in gas demand from 2 per cent a year to 0.5 per cent, according to Mr Paul Spedding, gas analyst with Kleinwort Benson.

The strong growth of the late 1980s gave privatised companies a comfortable cushion to rest on during their passage from the public to private sectors. In the next year managers will learn that life is not an endless round of new company logos, expensive media promotions, campaigns to get their staff to smile at customers, hefty rises in executive salaries and plaudits from the City. They are going to have to work a lot harder for their profits.

# Japan's top 12 banks fall by 39% after interest rate rises

By Stefan Wagstyl in Tokyo

THE 12 top Japanese city (commercial) banks have suffered a 39 per cent fall in combined interim pre-tax profits due to increases in interest rates and the plunge in the Japanese stockmarket.

Reporting unconsolidated results for the six months to the end of September, the banks posted their first decline in interim pre-tax profits since the first half of 1979. Net (after-tax) profits were down 27 per cent.

Last week, two of the banks, Kyowa and Saitama, agreed to merge to help mitigate weakening business conditions as well as to meet the demands of financial deregulation in Japan.

Business profits, a measure of profits from banking operations, fell 9.7 per cent, but would have fallen by 14.6 per cent but for a sharp increase in profits at the Bank of Tokyo, which resulted mainly from a change in accounting rules.

The fact that pre-tax and net profits fell considerably further than banking profits highlights the importance of profits from non-banking operations - especially profits from stockmarket investments.

The decline in banking profits was mainly due to the sharp rise in interest rates which raised the costs of banks' funds faster than they could pass the increase on to borrowers.

The squeeze was worse than in past periods of rising interest rates because of financial deregulation which has forced city banks to pay market rates on about 70 per cent of their deposits.

Banks forecast that their profits for the full year to the end of March 1991 would also be well down on last year even though they hoped to improve their margins by passing higher funding costs on to customers.

Sumitomo retained top spot in terms of profits with Sanwa Bank second.

All banks except Tokai Bank and Saitama Bank recorded further increases in revenues from international operations. Sumitomo replaced the Bank of Tokyo at the top of this league, in spite of the Bank of Tokyo's long tradition in foreign exchange and international markets. Sumitomo said it expanded business through new products such as swaps and options.

Sanwa said that the main reasons for the decline in profits were a squeeze on interest rate margins and the decrease in stock-related profits caused by the fall in the stockmarket.

Japanese long-term credit bank results, Page 35.

# Elsevier sells its Wolters Kluwer holding for more than $400m

By Raymond Snoddy in London

ELSEVIER, the leading Dutch publisher, yesterday went ahead with its promise to sell its stake in Wolters Kluwer in a deal worth more than $400m.

Elsevier said in June that it intended to sell its 33 per cent stake in fellow Dutch publisher Wolters Kluwer when the market conditions were right. Since then, it has sold only 5 per cent to institutional investors outside the Netherlands.

Yesterday, Elsevier announced it had sold its remaining 28 per cent stake to the US investment bank, Goldman Sachs. It is believed the price was about Fl 46 a share which would value the deal at about $413m. The shares have ranged from Fl 42 to Fl 56 since August 1989.

The sale ends a complicated saga that began in 1987 when Elsevier launched a hostile takeover bid for Kluwer and secured a 49 per cent stake.

Kluwer in turn moved into a defensive merger with Wolters Samsom which diluted the Elsevier stake to 33 per cent.

The intention in June was to place the shares with several purchasers through Swiss Banking Corporation.

Mr Eric de Belague, publishing analyst at London stockbrokers Panmure Gordon, said yesterday that, in the short term, Elsevier would have significant interest earnings from the cash freed by selling the stake.

In the medium term, he expected Elsevier to use the money to acquire further professional journals, probably in the US.

Elsevier already owns more than 650 scientific journals.

The Dutch publisher also has a stake in Pearson, publishers of the Financial Times.

The two companies swapped shares in 1988 in a strategic alliance described then as an engagement leading eventually to marriage.

Since then, both companies have made it clear there would be no full merger in the forseeable future.

## INTERNATIONAL COMPANIES AND FINANCE

# Polly Peck fruit export unit promised more cash

By Richard Donkin in London and John Murray Brown in Nicosia

THE ADMINISTRATORS of Polly Peck International, which collapsed four weeks ago following a liquidity crisis, have promised a new source of cash to support the company's exports from northern Cyprus.

While some £2.5m to £3m ($5.9m) is being made available, however, payment will only be made against shipments of fruit. The cash is being put up by banks as part of a trade finance package negotiated by the administrators from Coopers & Lybrand Deloitte, Mr Michael Jordan, and Mr Richard Stone.

Mr Nadir has consistently blamed his bankers' hastiness in withdrawing credit lines for Polly Peck's crash – an accusation he repeated yesterday in Cyprus. It is not known whether the new money now being promised will come from any of the group's existing banks.

Mr Stone returned to northern Cyprus yesterday to assure management of Sunzest Trading, the Polly Peck fruit exporting subsidiary there, that the cash would be made available for citrus fruit shipments to western Europe.

He said the money would allow Sunzest to meet obligations to growers on the islands who had already received some advance payments. He said: "I would have thought it would resolve any problems that the growers have, and it should demonstrate what we have been trying to tell them for the last four weeks: that our intention is to be constructive and to keep the business operational."

Payments will be made using letters of credit, released upon fruit shipments by Sunzest Trading.

The administrators are hoping the gesture will pave the way for a lifting of a court injunction preventing access to Polly Peck companies on the island. The injunction was obtained by growers worried that the administrators would dismantle the northern Cyprus operations, leaving them without an outlet for their produce.

The administrators expect Sunzest's citrus crop this season, which will be harvested between now and next May, to equal those of recent years. These were valued in the most recent official northern Cypriot export statistics at less than $20m.

However, this figure does not include the handling, packaging and shipment costs of the fruit. According to one independent source, this is likely to put the cost of Sunzest's products at about $45m, before a profit margin is added.

Mr Nadir said yesterday he was in Cyprus to build morale, by "explaining to people the role of the administrators".

# Intergraph launches bid for Dazix

By Louise Kehoe in San Francisco

INTERGRAPH, a leading US manufacturer of computer-aided design systems, has launched a bid to acquire Dazix, a one-time leader in the field of electronic design automation which filed for Chapter 11 bankruptcy protection in August.

Intergraph proposes to acquire the assets of Dazix for $10m in cash plus $4m stock. Mr Jim Meadlock, chairman and chief executive of Integraph, said he has sent a letter of intent to the Dazix bankruptcy trustee.

The offer is expected to be formally presented at a bankruptcy hearing early next month. Dazix's bankruptcy filing lists almost $200m in debts and assets of $131m.

Dazix's current difficulties stem from its acquisition of rival Cadnetix in December 1988, which left the company overburdened with debt.

For Intergraph, one of the few CAD companies that continues to offer its products on its own proprietary computer systems, the proposed Dazix acquisition may signal a move toward industry-standard hardware. Dazix software is designed to run on Sun Microsystems workstations.

# Manpower agency buy-out fails due to finance snag

By Maggie Urry in London

THE PROPOSED £106m ($207.8m) sale by Manpower, the US-based employment agency group, of five UK agency chains has been called off after the purchaser asked for a cut in price. The failure of the deal illustrates the current difficulties in raising finance for leveraged bids. Manpower shares dropped 5p to 43p on the news, but recovered to close down 1p at 47p yesterday.

The deal would have ended Manpower's unhappy connection with Blue Arrow, the company which bid for Manpower in 1987. Criminal trials connected with the £837m rights issue which financed that deal have yet to come to court.

The buyer of the five agencies, including Brook Street and Blue Arrow Personnel Services, was Brook Opportunities, a management buy-out team. Two days before the deal was due to be completed on October 12, the team admitted last-minute snags in putting together finance for the buy-out at the original £106m price.

A week later it asked Manpower for a reduction in the price. Manpower was then in a difficult position as it already had shareholder approval for the sale at the original price.

Mr Paul Brooks, managing director of Prudential Venture Managers, which was organising the buy-out, said yesterday finance had been raised for the bid at the lower price.

"We had everything in place, but the price was unacceptable to Manpower," he said. He refused to disclose what the lower price was.

Mr Mitchell Fromstein, the chairman and chief executive of Manpower, who resigned in December 1988 but who, in turn, ousted Mr Tony Berry of Blue Arrow a month later, said yesterday the MBO team had asked for a "substantial" reduction in price. The cut "reached a point where we felt better off keeping the businesses and running them".

He added: "It was a close call at the original price."

Mr Fromstein said the five chains were all profitable and the loss of the £106m proceeds of the sale was not crucial to Manpower. The businesses which were to have been sold made pre-tax profits in the nine months to the end of July, 1990, of £8.1m out of a group total of £39.83m. He said the group's interest cover was between four and five times and the lack of the money was not a problem.

The failure to sell the five chains – which did not include the Manpower business in the UK – gave the group "a good opportunity to rethink our global strategy and particularly our European strategy".

Manpower said yesterday it would not try to sell the businesses to any other purchaser. The five chains would continue to be run by the management behind the buy-out and would remain as individual businesses.

# Renault and Volvo step up push for Skoda stake

By William Dawkins in Paris

RENAULT and Volvo are to step up their competition against Volkswagen of Germany to take a substantial equity stake in Skoda, the Czechoslovak car maker.

Mr Raymond Lévy, the Renault chairman, and Mr Christer Zetterburg, Volvo's chief executive, will visit Prague tomorrow as part of a French business delegation led by Mr Roger Fauroux, minister of industry. A decision is expected early next month, said Renault.

This follows an apparent setback last month when Mr Marian Calfa, the Czechoslovak prime minister, suggested a preference for the Volkswagen offer, later reversed when Prague emphasised it had not yet made up its mind.

The Franco-Swedish bid for a 40 per cent stake in Skoda is their first joint offer since the pair announced a far-reaching alliance and share exchange last February. It is crucial to their hopes of gaining a foothold in eastern Europe, through the region's most modern car group, at a time when car demand in western Europe is falling.

They envisage a total investment of between FFr13bn ($2.61bn) and FFr14bn over the next nine years in a mixture of new capital, borrowings and cash flow, as against the DM7bn ($4.76bn) being put forward by Volkswagen.

Mr Fauroux will meet the Czechoslovak economics and engineering ministers and plans to discuss the country's energy policy. Prague may relaunch its nuclear power programme to reduce dependence on coal-fired power stations, a move of interest to the French Government as the majority shareholder of Framatome, the world's leading producer of nuclear reactors.

● The French insurance group Axa has boosted its stake in the Suez financial group from 1 to 3 per cent.

Axa said the move was a "pure financial investment" that did not change its strategic alliances with other French institutions.

# French computer services merger

By George Graham in Paris

THREE French computer services companies are to merge to create the country's leading specialist in electronic and software services for the banking and financial sectors.

The merger will bring together Segin, a computer services company based in northern France and controlled by the Crédit du Nord bank; FITB, a specialist in banking and securities market systems; and Sodinforg, a leader in bank card operations and automated teller machines.

Mr Michel Fiévet, who will head the new company, said the group would have a market capitalisation of around FFr750m ($150.6m) at current share prices, and consolidated sales of FFr2.3bn.

The group, to be known as Axime, expects to make net profits of around FFr100m in the year to June 1991.

Over 70 per cent of Axime's business will be in the banking and financial sectors. This will give it a 15 per cent market share of this part of the French computer services market, which has been growing at nearly 20 per cent a year. The company says this will place it just ahead of Sligos, the market leader, and well clear of Cap Sesa, in third place.

"At a time when the banking and financial worlds are adopting an increasingly industrial approach, size is a more and more important factor," said Mr Xavier Marchandise, head of FITB.

The Paribas investment banking group will be the main shareholder in the newly-created group, with 20.5 per cent held through Crédit du Nord, its 100 per cent commercial banking subsidiary, and 10.7 per cent through an electronics investment subsidiary.

ACM, a company controlled by Compagnie Générale des Eaux, the water and services group, will also hold a 20 per cent stake.

# B&O to reduce labour force on drop in demand

BANG & OLUFSEN, the Danish top-of-the-range consumer audio and video equipment maker, announced a cut in the labour force by 255 to 3,288 following softening demand at home and abroad, writes Hilary Barnes.

B&O said said the weak business climate would push it into the red for the six months of this financial year – ending November, 1990, – despite relatively strong sales throughout the summer.

Weakening demand has been noted everywhere this autumn, especially since the onset of the Gulf crisis, with the exception of the German market, a B&O official said.

# Dutch insurer down 13% at nine months

By Ronald van de Krol

NATIONALE-Nederlanden, the Dutch insurer planning to merge with NMB Postbank, reported flat profits for the third quarter of 1990, after declines in the first six months of the year.

Third-quarter net profit was Fl 237m ($144m), little changed from Fl 230m in the corresponding period last year. Taking the first nine months together, net earnings fell 12.9 per cent to Fl 540m.

The company repeated predictions that full-year results would be around Fl 900m, a decline of 7.5 per cent against 1989 figures.

In contrast to the previous two quarters, Nat-Ned posted a profit of Fl 36.6m on non-life activities in the third quarter, helping to narrow the sector's overall net losses in the nine-month period, to Fl 98.8m. In the same period of 1989, it turned in net profit of Fl 143.6m on non-life insurance.

# VNU may withdraw from Fl 850m print operations

By Ronald van de Krol in Amsterdam

VNU, the Netherlands' largest publishing group, said yesterday it was considering pulling out of printing in order to concentrate its efforts and resources on core publishing.

The company said it may decide to withdraw only partially from its printing business. Further details are expected in May when McKinsey, the management consultants, complete a study of VNU's printing group.

Printing currently accounts for around Fl 850m ($515m), or about a third, of VNU's annual turnover of Fl 2.6bn.

Roughly two thirds of the printing turnover is generated by orders from third parties, including such magazines as The Economist, Time and Business Week, which have part of their weekly editions printed at a VNU offset plant in the southern Netherlands.

"We are increasingly running into strains at the group level between the investment funds we need to keep our printing works up to European standards and the funds we want to invest in publishing," VNU said. Any withdrawal from printing would be a long-term move over several years.

VNU, which is the largest publisher of consumer magazines in Belgium as well as in the Netherlands, is currently devoting more than half of its investment to printing. In the four-year period between 1990 and 1993, it has earmarked Fl 350m for new printing presses, out of a total investment budget for plant and equipment of Fl 650m.

The company said it had already tentatively decided to limit a planned modernisation of its rotogravure printing operations in the mid-1990s to only two of VNU's three rotogravure plants, in the Dutch towns of Deventer, Etten-Leur and Haarlem.

The printing sector does not include VNU's extensive domestic daily newspaper operations.

# Obligentia Finance goes into receivership

SWEDEN'S finance company crisis claimed another casualty when Obligentia Finance went into receivership, although its Obligentia parent company avoided sharing a similar fate, writes John Burton in Stockholm.

Under a deal approved by Obligentia's main shareholder, the Mercurius Group headed by Swedish financier Mr Peter Gyllenhammar, the finance company's main bank creditors, Nordbanken, Gotabanken and Forsta Sparbanken, will assume control over its lending. Obligentia will write off its SKr300m ($54.1m) shareholding in Obligentia Finance.

Obligentia will receive a fresh capital injection of SKr170m by its shareholders and the property development company Accura, which will merge with Obligentia. A portion of the capital will also be raised through certain unspecified actions demanded by the banks.

## INTERNATIONAL COMPANIES AND FINANCE

# Japan's credit banks hit by high interest rates

By Ian Rodger in Tokyo

COMBINED pre-tax profits of Japan's three long-term credit banks tumbled 31.5 per cent in the six months to September 30 because of a squeeze on spreads caused by rising interest rates and the weakness of securities markets.

The slump in Japanese stock prices this year also undermined the banks' capital ratios, with all three slipping below the 8 per cent guideline set by the Bank for International Settlements and due to be met by 1993.

Industrial Bank of Japan (IBJ), the largest of the three, said its capital ratio was 7.4 per cent at September 30, while Long Term Credit Bank of Japan and Nippon Credit Bank both reporteda 7.6 per cent ratio.

Latent unstated profits in the three banks' securities portfolios, one of the main sources of capital, plunged.

IBJ reported that the value of its unstated profits on securities dropped to Y1,990bn ($15.4bn) from Y5,518.5bn, LTCB's fell to Y1,553.4bn from Y4,077bn and Nippon's plunged to Y610bn from Y2,146.4bn.

All three are forecasting substantial profit declines for the full year to March 30 next.

IBJ said its full-year pre-tax profit might be down 27.5 per cent to Y115bn, while LTCB was looking for a 22 per cent slump to Y90bn and Nippon Credit Bank was anticipating a 20.4 per cent drop to Y55bn.

**JAPANESE LONG-TERM CREDIT BANKS**
**Results for half-year to September 1990**

| Company | Revenue Ybn | Revenue % change | Pre-tax profits Ybn | Pre-tax profits % change |
|---|---|---|---|---|
| IBJ | 1,527.4 | 20.7 | 65.9 | (37.2) |
| LTCB | 1,095.6 | 22.9 | 51.8 | (29.4) |
| Nippon Credit | 899 | 27.9 | 29.4 | (19.3) |

Figures in brackets show falls

# Minebea reports 6.6% rise to Y16.8bn for year

By Robert Thomson

MINEBEA, the Japanese maker of miniature bearings, yesterday reported a 6.6 per cent increase to Y16.8bn ($130.3m) in pre-tax profits for the year to end-September, although the company said unfavourable foreign exchange rates were behind a 7.4 per cent fall in operating profits.

Sales for the year rose 14.5 per cent to Y195.48bn, with steady demand for bearings and electronic equipment in domestic and foreign markets, though the company said a generally weak yen increased the cost of purchasing products from the company's overseas production bases.

The company partly blamed appraisal losses in stock holdings, prompted by the slump in the Tokyo stock market, for a 2.2 per cent fall to Y8.9bn in after-tax profit.

For the current year to end-September, the company expected sales of Y220bn, a marginal increase in pre-tax profit to Y17.5m and an after-tax profit of Y9.5bn

# Japanese dairy producers see fall in pre-tax profits

By Emiko Terazono in Tokyo

THREE JAPANESE dairy producers announced pre-tax profit falls for the first six months to September 30. The companies said that higher labour and distribution expenses and an increase in oil prices and other materials costs depressed profits for the period.

Snow Brand Milk Products said demand for ice cream and milk contributed to the overall sales gain of 4 per cent. Cost increases wiped out a surplus in the balance on financial items, and after-tax profit also dropped 5.3 per cent.

For the full year to end-March, the company estimated a 3.7 per cent decline in pre-tax profits to Y16.3bn ($12.6m) on annual sales of Y513bn, an increase of 3.3 per cent.

Hot summer weather buoyed sales of beverages and ice cream for Meiji Milk Products, contributing to a modest 5.5 per cent increase in overall sales. For the full year, the company sees a further increase in operating costs and has revised its pre-tax profit estimate downward to a 9 per cent decline at Y6bn and a 4.3 per cent increase in sales to 4.3 per cent.

Morinaga Milk Industry reported that new desserts and beverage products contributed to a 5.3 per cent rise in sales. It forecast a full-year pre-tax profit down 3.3 per cent to Y5.8bn and sales of Y343bn, an increase of 4.2 per cent on last year.

**JAPANESE DAIRY GROUPS**
**Results for first-half to September 1990**

| Company | Sales Ybn | Sales % change | Pre-tax profits Ybn | Pre-tax profits % change |
|---|---|---|---|---|
| Snow Brand Milk | 266.3 | 4.0 | 8.0 | (11.4) |
| Meiji Milk | 215.5 | 5.5 | 3.3 | (27.3) |
| Morinaga Milk | 186.9 | 5.3 | 4.2 | (11.8) |

Figures in brackets show falls

# Golden Hope posts third consecutive half-year fall

By Lim Siong Hoon in Kuala Lumpur

GOLDEN HOPE, Malaysia's second largest plantation group previously known as Harrisons Malaysian Plantations, has suffered a 50 per cent fall in pre-tax profits in the six months to September. It is the third consecutive decline in half-year results.

The sharp fall was attributed to poor commodity prices which led to a 16 per cent fall in turnover to M$191m (US$71m) from M$226m a year ago. This was in spite of an 11 per cent increase in the palm oil harvest, the group's main crop.

Operating profits fell 56 per cent to M$25m, while pre-tax profit dropped to M$30m from M$60m. Attributable profits emerged at M$18m compared with M$36m. Again, no interim dividend was proposed. However, the group looks to an improvement in profitability in the second half because of the recent surge in palm oil prices.

The group's planned diversification into property development is underway.

Last month, Kundong Tanjong Pau, one the group's smaller estates, agreed to an acquisition, through a share issue, of three property companies.

The M$125m deal will lift its capital base from almost M$4m to M$85m.

# Video equipment sales lift Sony

By Robert Thomson in Tokyo

SONY, the consumer electronics maker, announced a 60.5 per cent increase in first-half pre-tax profits to Y66.6bn ($516.6m) to end-September, as sales of video and audio equipment increased significantly in foreign and domestic markets.

Sales for the period rose 23.3 per cent to Y887.8bn, with sales of video equipment up by 33.1 per cent, audio equipment 13.5 per cent and televisions 16.8 per cent. Sony said production levels of CD players and 8mm camcorders had risen substantially to cope with greater demand, and sales increases were also reported in semiconductors and computer displays.

Consolidated sales rose 42 per cent to Y1,745bn during the period, with operating profit 44.2 per cent higher at Y164.8bn, although net profit for the second quarter rose only 6 per cent due to amortisation and interest expenses arising from acquisitions.

The company said efforts to expand software business would be intensified, with the focus on CBS Records and on Columbia Pictures Entertainment, which contributed Y133.2bn in sales to the consolidated result. Meanwhile, revenues from exports increased by 26 per cent and domestic revenues increased by 19 per cent.

"Despite such destabilising factors as steep interest rate increases and plummeting stock prices, the Japanese economy firmly stayed on its course toward demand-driven growth, supported by strong personal consumption and capital investment," Sony said.

For the full year, the company expected a non-consolidated pre-tax profit of Y120bn, up 29 per cent, on sales of Y1,820bn, an increase of 18 per cent. The company noted deepening fears of a recession in the US, where sales rose 53.1 per cent during the half to Y545.3bn, surpassing domestic consolidated sales of Y449bn.

# Orix improves to Y21.7bn as revenue surges

ORIX, Japan's largest leasing company, yesterday posted a 4.4 per cent rise in consolidated pre-tax profits to Y21.71bn ($168.4m) for the first half-year to September from Y20.8bn a year earlier, AP-DJ reports from Tokyo.

Revenue surged 55.9 per cent to Y214.06bn from Y137.32bn. Net income rose 7 per cent to Y10.61bn from Y9.91bn, but earnings per share fell to Y156.04 from Y160.41.

Orix said its domestic operations were under pressure from higher interest rates.

# Strong domestic orders help raise Komatsu results

By Robert Thomson

KOMATSU, the Japanese construction machinery manufacturer, yesterday released consolidated results for the first half to end-September showing a 58.9 per cent increase in pre-tax profit to Y27.2bn ($211m) on strong orders from the domestic construction industry.

Sales for the period rose 14.1 per cent to Y479.2bn, with a 12.7 per cent increase in sales of construction equipment – for which demand was strongest within Japan and in south-east Asia – and a 24.6 per cent increase in sales of industrial machinery.

The company said domestic demand for construction equipment had probably peaked.

Higher domestic interest rates, rising oil prices, prospects of slower US growth and the crisis in the Gulf were "clouding the future outlook" for sales and profits.

Komatsu expected consolidated net sales for the full year of Y980bn, a 10.5 per cent increase on last year, and a net profit of Y34bn, up 24.5 per cent.

# INTERNATIONAL COMPANIES AND FINANCE

## Japanese acquire Control Data unit

By Martin Dickson in New York

CONTROL Data, the US computer services group which has been through a drastic restructuring, is selling Micrognosis, which supplies trading room systems for the financial services industry, to CSK, Japan's largest independent computer services company.

For CSK, the deal is a significant first step in a planned international expansion, while for Control Data it represents a further step in a shake-up designed to turn the company around after years of losses.

The terms were not disclosed, but Micrognosis had revenues of about $100m last year. Mr William Miller, Control Data's chief financial officer, said that although the sale was above book value, the company would record a modest loss on the deal.

Control Data announced some months ago it planned to sell Micrognosis because the Minneapolis-based group did not have a strong presence in the financial services industry and it felt it best to invest in other businesses.

Micrognosis, based in Connecticut, serves 250 banks, insurance companies, securities firms and companies around the world and employees some 430 people.

CSK, with over 12,000 employees and consolidated revenues of $2bn, has a strong presence in the Japanese financial services industry and sees Micrognosis as a means of building up its international presence.

Mr Isai Okawa, the chairman, said: "Globalisation is essential if CSK is to achieve its goal of generating $10bn in revenues by the year 2001. CSK intends to expand internationally in fields such as financial services, manufacturing, facilities management, networking and database management."

The sale is the latest in a long series by Control Data as the company tries to concentrate on two main businesses - mainframe computers and technology-based data services. After suffering $1.5bn of losses over the past year, it is now modestly in profit.

## Superchannel buys TV cable rights from MGM

By Alan Friedman in New York

MGM/UA, the Hollywood studio that has just been bought for $1.36bn by Mr Giancarlo Parretti's Pathe Communications, has sold a series of European satellite and cable television rights to Superchannel, the European satellite channel.

Superchannel, which is 58 per cent owned by the Marcucci family of Italy and 42 per cent by Mr Richard Branson's Virgin group, is paying around £30m ($59m) for the European and Soviet satellite and cable rights to 100 MGM films and television programmes.

Mrs Marialina Marcucci, managing director of Superchannel, said in Los Angeles yesterday that she was also in talks with Mr Parretti about the possibility of MGM acquiring a minority shareholding in Superchannel.

"We have a three-part discussion under way," said Mrs Marcucci, adding: "The first part is the satellite and cable rights deal. The second is that we will explore over the next three months MGM's buying a Superchannel share stake, and the third part is we are talking about joining forces with MGM to form co-productions in Europe for made-for-television movies."

Mrs Marcucci said that before concluding the deal with MGM/UA, she and other Superchannel executives had held exploratory conversations with other US entertainment groups including Paramount.

● Time Warner, the media and entertainment giant, is taking the unusual step of merging The American Courtroom Network, its cable television network that would cover trials, with In Court, the cable equivalent owned by Cablevision Systems.

The new cable channel, to be called Courtroom Television Network, plans to offer 24-hour live and taped coverage of American trials.

## Argentine airline sale agreed

By John Barham in Buenos Aires

ARGENTINE government officials and representatives of the banks and companies involved in privatising Aerolineas Argentinas have reached an agreement allowing the sale to go ahead, following negotiations that ended at 5am yesterday.

The sale of 85 per cent of Argentina's flag carrier to a consortium comprising Iberia of Spain and six Argentine investors was delayed for 24 hours on Tuesday evening, when the buyers were unable to present satisfactory bank guarantees to underpin the acquisition.

The consortium is to pay $130m in cash, $130m over five years and $2.01bn in Argentine foreign debt certificates, in addition to a five-year $683m investment programme.

The government required banks to guarantee the deferred payment and investment plan.

A Spanish banker present at the negotiations blamed the Argentine investors for the delays: "Argentine businessmen always come into deals without the necessary papers and then try to sort things out later," he said. "What we have done is devise a financial formula to make up for their lack of guarantees."

He added that the Argentine government has accepted a new guarantee package provided by "AA-rated banks from outside the dollar area".

An accord to this effect was signed at 4am on Wednesday morning, 16 hours before President Carlos Menem was to sign the decree privatising the airline.

No further details about the new package have emerged, but sources say it will not increase Iberia's 20 per cent stake in the consortium, as bankers in Buenos Aires have insistently suggested.

Aerolineas Argentinas reported a loss of $12.2m in the first 9 months of this year, on revenues of $614.9m. Consortium officials say that a major restructuring of the airline, particularly a reduction in its 10,800 staff, will be necessary to make it profitable.

This is Argentina's second privatisation in less than a month. On November 8, the government sold the national telephone company in a $214m cash and $5.03bn debt-for-equity swap. With the completion of both privatisations, Argentina will have retired one-fifth of its foreign commercial bank debt.

## GEC Alsthom in Fiat deal

By Michael Skapinker

GEC ALSTHOM, the Franco-British engineering group, is to acquire a majority stake in the railway equipment business of Fiat of Italy.

The deal is part of the share-swap agreement between Fiat and Compagnie Générale d'Electricité of France, announced last month. CGE and the General Electric Company of the UK are joint owners of GEC Alsthom.

GEC Alsthom will acquire 50.1 per cent of Fiat Ferroviaria Savigliano, which had operating income of L47bn ($42.3m) last year on turnover of L308bn. The company has 1,500 employees.

Fiat declined to say how much GEC Alsthom would pay for the stake.

Fiat Ferroviaria manufactures at three sites in Italy and has minority stakes in two Spanish railway equipment manufacturers, Intermetro and Sepsa.

GEC Alsthom said the company hoped to benefit from Fiat Ferroviaria's research into tilting trains.

## National Semi sells plant to Matsushita

By Louise Kehoe in San Francisco

MATSUSHITA of Japan has agreed to acquire National Semiconductor's Washington state chip production plant for approximately $86m in cash.

The Japanese electronics and electrical manufacturing group will also assume certain debts associated with the plant, bringing the total value of the deal to over $100m.

National, one of the leading US semiconductor producers, announced its intention to close the site and discontinue manufacture of high-speed static random access memory (S-ram) chips in August.

"The sale allows National to reduce the excess manufacturing capacity that results from the decision to exit the high-end S-ram business, said Mr Charles Sporck, National Semiconductor president and chief executive. "We are pleased with this agreement, which will allow the plant to continue to be operated as a semiconductor manufacturing facility, providing continued employment opportunities."

Matsushita will acquire a fully-operational chip production facility including manufacturing equipment. The sale will not, however, include the transfer of technology.

Matsushita said it planned to manufacture memory and logic devices in the Washington facility. The factory will become Matsushita's second semiconductor production plant outside Japan. The other is in Singapore.

## Citicorp home loan default rate up to 3.6%

CITICORP, the largest US bank, has disclosed that its delinquency rate for domestic home mortgage loans rose to 3.6 per cent in the third quarter, up from 3 per cent in the second quarter and 2.8 per cent in the first three months of 1990, writes Alan Friedman in New York.

The rise means that some $1.1bn of the bank's $30.4bn domestic residential mortgage portfolio is now more than 90 days overdue.

Citicorp said last night its portfolio was heavily concentrated in the north-eastern region of the US, the hardest hit by recession and the real estate crisis.

The bank claimed its delinquency rate was in line with other US banks, and that it had been pursuing a policy of selling off parts of the loan portfolio throughout the current year.

## Downturn at James River

JAMES RIVER, the US integrated manufacturer and converter of pulp and paper which is selling 30 mills with combined sales of about $1.3bn in a major restructuring move, yesterday said its net income fell 7 per cent in the second quarter.

Actual net income in the three months to October 28 was $61.8m, or 68 cents a share, on net sales of $1.2bn, which compared with net profits of $66.5m, or 75 cents, on sales of $1.52bn in the corresponding period a year ago.

On a pro-forma basis, James River turned in second-quarter net earnings of $66.6m, or 81 cents a share, on sales of $1.2bn, compared with net income of $71.2m, or 88 cents, on sales of $1.21m a year earlier.

The company, based in Richmond, Virginia, said its pro forma calculations, where each quarter includes the same operations, provides a more meaningful year-to-year comparison of its restructured results.

## Elders confident of quick agreement with GrandMet

By Kevin Brown in Sydney

ELDERS IXL, the Australian brewing conglomerate, yesterday appeared likely to reach a quick agreement on a proposed pubs-for-breweries deal with Grand Metropolitan of the UK after finally getting the go-ahead from the UK government.

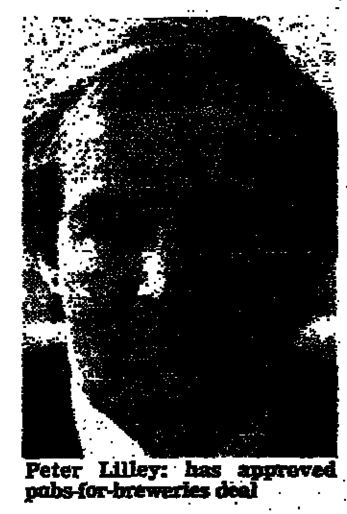
Elders' shares moved up 3 cents to A$1.59 on the Australian stock exchange after Mr Peter Bartels, chief executive, said he was confident the final round of negotiations with GrandMet could be brought to "a satisfactory conclusion".

Brokers said the decision was likely to herald a return of confidence in Elders shares, which were languishing at A$1 earlier this year, compared with a high of A$2.44.

Elders is understood to regard the deal struck by the two companies with the UK Office of Fair Trading as a significant advance on earlier conditions set by Mr Peter Lilley, the UK trade and industry secretary, following a report by the Monopolies and Mergers Commission.

GrandMet and Elders will now have to negotiate an adjustment to the deal to reflect limits on beer supply agreements and market share. However, few difficulties are expected, and the deal should be signed before the end of the year.

The two companies proposed a complex £2.6bn (US$5.12bn) asset-swap deal in March involving the transfer of GrandMet's breweries to Courage, Elders' UK subsidiary, and the injection of all of Courage's pubs and many of GrandMet into a new joint venture to be called Inntrepreneur Estates.


Peter Lilley: has approved pubs-for-breweries deal

Under the revised deal, Courage will have an exclusive right to supply beer to the Inntrepreneur pubs for seven years instead of the 10 years the companies had originally agreed.

However, Mr Lilley had earlier proposed that the supply agreement should be phased out over five years.

Analysts said Elders' success in negotiating a longer supply agreement would make the deal more attractive, although Courage would eventually become the first of the UK's major brewers to start operating without an exclusive supply agreement, or "tie".

Final negotiations between the companies will revolve around the price to be paid by Courage for GrandMet brewing interests.

The original agreement provided for Courage to pay £366m, of which around £110m reflected the benefits of the 10-year beer supply arrangement.

Elders and GrandMet had already accepted Mr Lilley's earlier ruling that the proportion of Courage-tied pubs in any licensing district should be restricted to 25 per cent, and that the number of pubs controlled by Inntrepreneur should be reduced.

The revised deal will add strength to Mr Bartels' claims that Elders is on target to complete a restructuring programme involving the sale of non-core assets and the refocusing of the group as a pure brewing group around its Fosters brand in Australia, Courage in the UK and its interest in Molson in Canada.

It will also help to stabilise Harlin Holdings, the private company controlled by Mr John Elliott, which is Elders' biggest shareholder with 37 per cent of the stock.

Harlin recently announced the sale of a 17 per cent stake in Elders to Asahi Breweries of Japan for A$759m (US$586m), but remains unable to finance its debts from Elders' dividends, its only source of income.

## Allied back on growth tack

By Philip Gawith in Johannesburg

ALLIED, one of South Africa's leading building society and banking groups, overcame a period of squeezed margins and big development costs to record earnings growth in the six months to the end of September.

Net interest income rose by only 9.8 per cent to R174.1m ($69m) from R158.6m, reflecting the squeeze on margins which was particularly severe in the April to June period. Non-interest income advanced 52 per cent to R70.4m from R46.3m, following improvements in the sale of home insurance.

The latter increase was partially offset by a 24.4 per cent rise in operating costs which related mainly to costs incurred in diversifying from a building society to a bank offering a wider range of services. Particularly costly was the introduction of cheque accounts from which negligible income benefits accrued during the period under review.

Attributable income rose by 14.5 per cent to R36.3m from R31.7m. Earnings per share rose to 12.3 cents from 10.7 cents and the dividend was lifted to 6 cents from 5.5 cents a share.

The group said in a statement that "a deterioration in economic conditions, with a tight monetary policy being upheld longer than originally anticipated, indicates a further difficult six months ahead."

An improved second half was possible, though, given benefits flowing from diversification, improved interest rate margins, cost-cutting measures and the possibility of lower money market rates.

## LEGAL NOTICES

**PHIBRO - SALOMON LIMITED**
**(Registered in England No. 1548967)**
**NOTICE OF RESOLUTION FOR PAYMENT OUT OF CAPITAL**

NOTICE is hereby given, pursuant to the provisions of Section 175 of the Companies Act 1985 ("the Act") that Phibro-Salomon Limited ("the Company") has approved by special resolution in general meeting a payment out of capital for the purpose of redeeming 250 000 000 Convertible Redeemable Preference Shares of £1 each in its issued share capital. The amount of the permissable capital payment for the shares in question is £250 000 000. The special resolution granting approval was passed on 16th November 1990. The statutory declaration of the directors of the Company and the auditors' report both required by Section 173 of the Act are available for inspection by any member or creditor of the Company at the Company's registered office during normal business hours. Any creditor of the Company is entitled at any time within the period of five weeks commencing 16th November 1990 to apply to the court under Section 176 of the Act for an order cancelling the resolution and prohibiting the payment.

BY ORDER OF THE BOARD
I A PELLOW
SECRETARY

Registered Office
Victoria Plaza,
111, Buckingham Palace Road,
London SW1W 0SB

16th November 1990

RWC237S0.46

**IN THE MATTER OF RTD-Meas (Middle East and African) Services Limited**
**AND**
**IN THE MATTER OF THE CYPRUS COMPANIES LAW CAP 113**

Notice is hereby given that the creditors of the above-named company which is being voluntarily wound up are required on or before the 24th day of December 1990 to send in their full names, their addresses and descriptions, full particulars of their debts or claims and the names and addresses of their solicitors (if any) to the undersigned Mr Antony Haji Roussos FCCA of Julia House, 3 Themistocles Dervis Street, PO Box 1612, Nicosia, Cyprus, the liquidator of the said company, and if so required by notice in writing from the said liquidator, are personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 22nd day of November 1990

A Haji Roussos FCCA
Liquidator

**TRIUMPHFRONT LIMITED**

Registered number 2195227
Nature of business: Restaurants
Date of appointment of joint administrative receivers: 8 November 1990
Name of person appointing the joint administrative receivers: National Westminster Bank Plc
Robin Michael Addy and John Martin Iredale Joint Administrative Receivers.
(Office holder nos 1031 and no 2104) of Cork Gully, Shelley House, 3 Noble Street, LONDON, EC2V 7DQ

**LEEDS PERMANENT BUILDING SOCIETY**
£250,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 21st November, 1990 to 21st February, 1991 has been fixed at 13.7875% per annum. The interest payable on 21st February, 1991 against Coupon 4 will be £347.52 per £10,000 nominal and £3,475.21 per £100,000 nominal.

Agent Bank and
Principal Paying Agent
ROYAL BANK OF CANADA

**LVMH**
**MOËT HENNESSY . LOUIS VUITTON**

**LVMH to raise interim dividend by 10 %**

The Executive Board of LVMH Moët Hennessy Louis Vuitton, the Paris-based luxury products group, declared a 1990 interim dividend of FF 16.50 per share, before "Avoir fiscal" tax credit of FF 8.25. The dividend represents a 10 % increase over the 1989 interim dividend. As last year, the interim dividend will be paid out in November and not in February of the following year, as had been the practice before 1989.

The company also reported that its sales for the first nine months of 1990 totalled FF 13.5 billion. This confirms the pattern seen in the half-year performance, of a steady increase in local revenues largely offset by unfavorable currency movements. On a comparable exchange rate basis, sales would have increased by 11 % in the first nine months of 1990.

Consolidated sales should record stronger growth in the fourth quarter of the year, reflecting such favorable trends as a sizable increase in the sales of Louis Vuitton Malletier and the higher exchange value of certain currencies, notably the Japanese yen, against the French franc in recent months.

Paris, November 15, 1990

**ALBERT FISHER FINANCE NV**
**NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that an extraordinary general meeting of ALBERT FISHER FINANCE NV (the "Company") will be held at 15 Pietermaai, Curacao, at 10.00 am local time on November 28, 1990.

The meeting is being called to present and adopt the balance sheet and the profit and loss account for the fifteen month period ended 31 March 1990 and to conduct certain other routine business.

The agenda of the meeting is deposited for the shareholders for inspection at the office of the company at 15 Pietermaai, Curacao.

By Order of
The Board of Managing Directors

**CORPORATE SECURITY**

The FT proposes to publish this survey on December 13 1990. It will be of particular interest to the tens of thousands of Directors & Managers who make decisions regarding the purchase of security services who are also regular FT readers. If you want to reach this important audience, call Jessica Perry on 071 873 4611 or fax on 071 873 3062.

FT SURVEYS

**BRITANNIA BUILDING SOCIETY**
£100,000,000
Floating Rate Notes 1994

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month Interest Period from (and including) 21st November, 1990 to (but excluding) 21st February, 1991, the Notes will carry a rate of interest of 13.7708 per cent. per annum.
The relevant Interest Payment Date will be 21st February, 1991. The Coupon Amount per £50,000 Note will be £1,736.29 payable against the surrender of Coupon No. 3

Hambros Bank Limited
Agent Bank

**U.S. $400,000,000**
**Banque Française Du Commerce Exterieur**
**Guaranteed Floating Rate Notes due 1997**

For the three months November 23, 1990 to February 25, 1991, the Notes will bear interest at 8⅝% per annum. U.S. $218.06 will be payable on February 25, 1991, per U.S. $10,000 principal amount of Notes.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
November 23, 1990
CHASE

**Golden Hope Plantations Berhad**
*(Incorporated in Malaysia)*

Golden Hope

Directors:
Tun Ismail bin Mohamed Ali (Chairman)
Dato' Abdul Khalid bin Ibrahim
Zain Azahari bin Zainal Abidin
Mohammad bin Abdullah
Howe Yoon Chong
Dr. Ng Cheng Kin
Abdul Rahman bin Ramli

Registered Office:
13th Floor
Menara PNB
201-A, Jalan Tun Razak
50400 Kuala Lumpur
Malaysia.

To the Members.

**INTERIM REPORT FOR THE SIX MONTHS TO 30TH SEPTEMBER, 1990**

The Directors announce that the unaudited results for the six months to 30th September, 1990 were:

| | Group 1990 M$'000 | Group 1989 M$'000 | Group % | Company 1990 M$'000 | Company 1989 M$'000 | Company % |
|---|---|---|---|---|---|---|
| Turnover | 190,778 | 226,167 | (16) | 24,049 | 16,745 | 44 |
| Investment and other income | 4,108 | 11,392 | (64) | 2,675 | 4,572 | (41) |
| Operating profit | 24,870 | 56,439 | (56) | 2,928 | 8,097 | (64) |
| Associated Companies | 5,378 | 3,672 | 46 | — | — | — |
| Profit before taxation (See Note 1) | 30,248 | 60,111 | (50) | 2,928 | 8,097 | (64) |
| Taxation (See Note 2) | 11,595 | 22,964 | (50) | 996 | 2,637 | (62) |
| Profit after taxation but before extraordinary item | 18,653 | 37,147 | (50) | 1,932 | 5,460 | (65) |
| Minority interests | 1,187 | 725 | 64 | — | — | — |
| | 17,466 | 36,422 | (52) | 1,932 | 5,460 | (65) |
| Extraordinary item (See Note 3) | 156 | 30 | — | — | — | — |
| Profit attributable to shareholders | 17,622 | 36,452 | (52) | 1,932 | 5,460 | (65) |

NOTES

| | Group 1990 M$'000 | Group 1989 M$'000 | Company 1990 M$'000 | Company 1989 M$'000 |
|---|---|---|---|---|
| 1) After charging | | | | |
| — interest | 151 | 157 | 35 | 30 |
| — depreciation | 12,397 | 11,646 | 1,573 | 636 |
| 2) Taxation includes | | | | |
| — Current | 9,529 | 19,384 | 996 | 2,538 |
| — Deferred | 1,830 | 3,354 | — | 99 |
| — Associated Companies | 236 | 226 | — | — |
| 3) The extraordinary item comprises: | | | | |
| West Malaysian tax credit | 156 | 30 | — | — |

4) There were no pre-acquisition profits included in the results for the half year.

| | 1990 Group | 1989 Group |
|---|---|---|
| Profit after taxation but before extraordinary item as a percentage of turnover | 9.8% | 16.4% |
| Profit after taxation but before extraordinary item as a percentage of shareholders' funds | 1.0% | 2.0% |
| Net earnings per share (in sen) | 2.1 | 4.3 |
| Net tangible asset backing per share | $2.13 | $2.13 |

The significant decrease in profits is mainly attributable to the decline in palm product prices, compensated slightly by the improved results from our non-plantation activities. Production of rubber and copra are anticipated to be similar to previous year's production, whilst cocoa and palm products are expected to be higher due to the increase in hectarage acquired towards the end of last year. Prices for palm products have recently recovered from the year's low levels and if this trend continues profits for the second half are expected to be better.

**HARVESTED CROPS – TONNES**

| | 1990 | 1989 |
|---|---|---|
| FFB | 590,504 | 535,898 |
| Palm oil | 119,861 | 112,313 |
| Palm kernels | 35,381 | 32,751 |
| Rubber | 19,206 | 20,671 |
| Cocoa | 3,327 | 3,332 |
| Copra | 4,368 | 4,025 |

**COPIES OF THE COMPANY'S INTERIM REPORT**
A copy of the Company's Interim Report will be posted to shareholders on 26th November, 1990. Copies will also be available from the Company's registered office and the Branch Registrar, Barclays Registrars, Bourne House, 34, Beckenham Road, Kent BR3 4TU, United Kingdom.

KUALA LUMPUR,
21st November, 1990

By Order of The Board
Mohd. Nadzir Mahmud
Secretary

## INTERNATIONAL CAPITAL MARKETS

# Gilts rise with hopes of a Tory general election win

By Deborah Hargreaves in London and Patrick Harverson in New York

PRICES for gilt-edged securities rose to their highest level yesterday since October 5, when the government announced it would take the UK into the European exchange rate mechanism.

The market's rally by almost a full point left many analysts struggling to explain gilts investors' fickle reaction to UK political machinations over the leadership of the ruling Conservative party. Prices had lost almost half a point on Tuesday evening after the inconclusive result of the first ballot of the leadership election was announced.

Analysts say the gilts market now sees the chances of a Tory victory at the next general election — which must be held by May 1992 — as much improved. Opinion polls have pointed to a much larger vote for the Conservatives if Mr Michael Heseltine was at the head of the party than if Mrs Margaret Thatcher was.

### BENCHMARK GOVERNMENT BONDS

| | | Coupon | Red Date | Price | Change | Yield | Week ago | Month ago |
|---|---|---|---|---|---|---|---|---|
| UK GILTS | | 13.500 | 09/92 | 103-17 | -01/32 | 11.28 | 11.61 | 11.89 |
| | | 9.000 | 03/00 | 88-06 | +08/32 | 11.05 | 11.39 | 11.42 |
| | | 9.000 | 10/08 | 88-12 | +06/32 | 10.72 | 11.04 | 10.95 |
| US TREASURY * | | 8.750 | 08/00 | 101-13 | +04/32 | 8.29 | 8.38 | 8.63 |
| | | 8.750 | 08/20 | 103-07 | +05/32 | 8.45 | 8.52 | 8.77 |
| JAPAN | No 119 | 4.800 | 6/99 | 85.5213 | +0.357 | 7.59 | 7.78 | 7.71 |
| | No 129 | 6.400 | 03/00 | 95.2159 | +0.475 | 7.26 | 7.46 | 7.44 |
| GERMANY | | 9.000 | 10/00 | 101.3000 | +0.250 | 8.80 | 9.00 | 8.96 |
| FRANCE | BTAN | 9.000 | 11/95 | 95.7493 | +0.037 | 10.12 | 10.27 | 10.12 |
| | OAT | 8.500 | 03/00 | 90.5800 | +0.130 | 10.09 | 10.30 | 10.23 |
| CANADA * | | 10.500 | 07/00 | 100.0000 | +0.250 | 10.49 | 10.65 | 11.20 |
| NETHERLANDS | | 9.250 | 11/00 | 101.1900 | +0.200 | 9.06 | 9.19 | 9.19 |
| AUSTRALIA | | 13.000 | 07/00 | 104.3688 | +0.402 | 12.21 | 12.62 | 13.41 |

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

*Technical Data/ATLAS Price Sources*

### GOVERNMENT BONDS

Gilts were further supported by the strength of the pound, which appreciated on the foreign exchange markets yesterday after being weaker on Tuesday night. The continuing influence of demand from stock lenders concerned about changes in the rules governing the practice added further strength to gilts prices.

The yield on the 9 per cent bond maturing in 2008 dropped to 10.69 per cent — its lowest level since October 5 and before that in July.

■ IN FRANCE, political events have also helped to support the government bond market and foreign investors' optimism has been renewed by the government's survival against its ninth vote of no confidence on Monday night.

The yield on French 10-year bonds has fallen by 20 basis points in the last couple of days to 10.09 per cent as prices have risen. The long bond futures price on the Matif rose by almost a point in the first three days of the week to 99.50 with much of the buying led by foreigners who see the market as being quite cheap.

The market has broken through key resistance levels and is trading on a 120 basis-point spread to German bunds.

■ THE GERMAN market was closed yesterday for a holiday.

■ A RISE in the oil price and profit-taking before the Thanksgiving break failed to take the shine off US government bonds yesterday. The general tone remained firm in light trading and prices at the long end of the market finished the morning near the session's highs. The benchmark 30-year Treasury bond rose $\frac{13}{32}$ to $103\frac{13}{32}$ at midday, to yield 8.42 per cent. Trading was quieter in the short bond, with the two-year issue remaining little moved at $100\frac{1}{32}$, yielding 7.55 per cent. Trading was scheduled to finish at 2pm local time yesterday because of today's national holiday. Fed funds finally reached the 7 ½ per cent target rate preferred by the Federal Reserve, which has for the past three days intervened in the banking system via a variety of repurchase agreements in an attempt to push the rate down from 7¾ per cent to 7¼ per cent.

Yesterday the Fed undertook five-day repurchase agreements when the rate was at 7½ per cent. The Fed's desire to see a lower rate is part of an easing of monetary policy first signalled last Friday. The monetary authorities want lower interest rates to help stimulate business activity and prevent the current economic downturn from turning into a deep and long recession. The US Treasury announced yesterday it would raise $11.15bn next week from a two-year note and a five-year note issue.

■ IN JAPAN, the market remained quiet in advance of a holiday on Friday. The market stayed locked at a level of 7.58 per cent on the key 119 bond as investors switched from Euroyen issues to government bonds in the two to five year area for a yield pick-up.

# Brazil selects sell-off advisers

By Stephen Fidler, Euromarkets Correspondent

THE BRAZILIAN government has selected the groups which will advise it on its first two big privatisations planned for next year.

The privatisations of the two steel companies — Usiminas, the country's largest with an estimated $1.5bn in assets at the end of last year, and Tubarao — are scheduled for completion in May.

Mr Ibrahim Eris, the Brazilian central bank governor, said in London this week that $10bn to $12bn worth of privatisations were planned this year and that the auctions for the first should start in February.

By that time, bank waivers — necessary because the privatisations will include conversions of foreign debt into a portion of the equity in the companies — should be forthcoming, he said.

The group chosen to advise on the Usiminas privatisation is led by Consemp, a financial consulting firm based in Sao Paulo. The group includes Chartered WestLB, the London-based joint venture between Standard Chartered and Westdeutsche Landesbank, as its foreign member.

The consortium acting as agent on the Tubarao transaction is headed by Capitaltec of Brazil, and includes the Finnish engineering company Jaakko Poyry, and Lehman Brothers, the US investment bank.

Invitations were requested in July, and the winners were chosen from five in the case of Usiminas, and seven in Tubarao's case. Although the scheduled completion of the transactions is May, there is a widespread view that some slippage may take place and the target not be met.

# Malaysian flotation oversubscribed

NYLEX (Malaysia's) public flotation of 13.74m shares, 9.2 per cent of the company's issued shares, was 10.29 times oversubscribed, the company announced yesterday, AP-DJ reports from Kuala Lumpur.

The plastic and glass products group, 55 per cent owned by Australia's BTR Nylex — a subsidiary of the UK's BTR — issued 20.13m shares priced M$2.50 each. Five million shares were reserved for government funds and another 1.3m for directors and employees, leaving 13.74m for the public.

BTR Nylex, which holds 82.25m of the Malaysian company's 149.66m shares, is a leading Australian plastics manufacturer.

In a restructuring of BTR Nylex's Malaysian holdings, Nylex (Malaysia) last month acquired Kuala Lumpur Glass Manufacturers Company for M$91m from Australia Consolidated Industries (Malaysia).

# China sets up forex association

THE biggest foreign exchange organisation in China has been set up in the Shenzhen Special Economic Zone (SEZ) near Hong Kong, Reuter reports.

The Shenzhen Association of Financial Institutions (Foreign Exchange) includes branches from 16 foreign banks, one foreign insurance company, a joint-venture financial firm and 17 Chinese state-owned financial institutions.

Mr Wu Dong-Hai, association chairman, said that the Shenzhen branch of the People's Bank of China, the country's central bank, was also a member.

The association's tasks include taking deposits and making foreign currency loans, foreign currency clearing between banks and operating in the interbank foreign currency money market. At present China has only a limited interbank money market in foreign currency and Chinese yuan.

China allowed foreign banks to open branches in Shenzhen in 1983, but they were restricted to handling foreign currency deposits and loans, mainly in Hong Kong and US dollars.

But the country has now opened four special economic zones in southern China as well as the Pudong development area of Shanghai to foreign banks.

Because of its proximity to Hong Kong, Shenzhen has attracted the largest number of foreign banks and received the biggest share of foreign currency deposits. Mr Wu estimated that the total foreign currency deposits in Shenzhen were now equivalent to US$1.5bn.

"Our main purpose is to strengthen communication ties between banks and exchange business ideas," he said.

Shenzhen's foreign exchange banks will have to come to grips with competition on interest rates. The central bank sets an indicative upper and lower limit for interest rates, but some banks ignore them, Mr Wu said. "We hope members will agree on some form of punishment for those who violate the interest rates limits."

● Officials in the Shenzhen Special Economic Zone have lowered the ceiling on daily stock market gains in a bid to dampen illegal trading activity, the Hong Kong-based Ta Kung Pao newspaper said.

The Beijing-funded paper said the decision to halve the ceiling on gains to 0.5 per cent daily was aimed at discouraging illegal share trading.

The government will also impose a 0.006 per cent stamp duty on trades and is considering how to deal with party and government cadre and stock market employees who use public funds to buy stocks, the paper said.

### FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:10 pm on November 21

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| ABBEY NATIONAL 8 7/8 93 | 150 | 100⅝ | 100⅞ | +⅛ | 8.65 |
| ALBERTA PROVINCE 9 3/8 95 | 600 | 102⅛ | 102⅝ | +⅛ | 8.75 |
| AUSTRIA 8 1/2 00 | 400 | 96¼ | 96⅝ | +¼ | 9.11 |
| BANK OF TOKYO 8 3/8 96 | 100 | 96⅝ | 97⅛ | +¼ | 9.18 |
| BELGIUM 9 1/8 92 | 400 | 101¼ | 101⅝ | | 8.33 |
| BFCE 7 3/4 97 | 150 | 94⅞ | 95¼ | +⅛ | 8.83 |
| BNP 8 5/8 94 | 300 | 100¼ | 100½ | +¼ | 8.56 |
| BP CAPITAL 9 5/8 93 | 150 | 102⅛ | 102⅜ | | 8.67 |
| CANADA 9 96 | 1000 | 101⅞ | 102⅛ | | 8.53 |
| CARCO 9 1/4 96 | 650 | 98¼ | 98⅝ | +⅛ | 9.64 |
| CCCE 9 1/4 95 | 300 | 102⅛ | 102⅜ | +⅛ | 8.54 |
| COUNCIL EUROPE 8 96 | 100 | 96⅝ | 97 | +⅛ | 8.76 |
| CREDIT FONCIER 9 1/2 99 | 300 | 102⅜ | 102⅞ | +⅛ | 9.06 |
| DENMARK 0 98 | 250 | 50⅞ | 51⅛ | +⅛ | 9.16 |
| DENMARK 8 1/4 94 | 150 | 99 | 99¼ | +¼ | 8.55 |
| ECSC 8 1/4 96 | 193 | 97½ | 97⅞ | +¼ | 8.80 |
| EEC 7 1/4 93 | 250 | 97⅞ | 98¼ | | 8.28 |
| EIB 7 3/4 96 | 250 | 95⅞ | 96¼ | +¼ | 8.69 |
| EIB 10 97 | 250 | 105¼ | 105⅝ | +⅛ | 8.87 |
| ELEC DE FRANCE 9 98 | 200 | 100⅞ | 101⅛ | +⅛ | 8.84 |
| EUROFIMA 9 1/4 96 | 100 | 101⅞ | 102⅛ | +¼ | 8.89 |
| EXPORT DEV CORP 9 1/2 98 | 150 | 102⅛ | 102⅜ | | 9.04 |
| FINLAND 7 7/8 97 | 200 | 94⅞ | 95¼ | +⅛ | 9.09 |
| FINNISH EXPORT 9 3/8 95 | 200 | 102½ | 102⅞ | +⅛ | 8.72 |
| FORD MOTOR CREDIT 9 1/2 98 | 300 | 100⅞ | 101⅛ | +⅛ | 9.13 |
| GEN ELEC CAPITAL 9 3/8 96 | 300 | 101⅛ | 101⅜ | | 9.02 |
| GMAC 9 1/8 96 | 200 | 97½ | 98 | −¼ | 9.73 |
| HALIFAX 9 1/2 93 | 200 | 101⅝ | 102⅛ | +⅛ | 8.73 |
| IBM WORLD TRADE 7 5/8 93 | 150 | 96⅝ | 97⅛ | −⅛ | 8.91 |
| IND BK JAPAN FIN 7 7/8 97 | 200 | 93⅞ | 94⅛ | +⅛ | 9.19 |
| INTER AMER DEV 7 5/8 96 | 200 | 94⅛ | 94⅝ | | 8.93 |
| ITALY 8 1/2 94 | 1500 | 100 | 100¼ | +⅛ | 8.49 |
| JAPAN DEV BK 8 94 | 150 | 98½ | 99 | +⅛ | 8.49 |
| KANSAI ELEC PWR 10 96 | 350 | 103½ | 104⅛ | +⅛ | 9.12 |
| LTCB 8 5/8 93 | 150 | 99⅝ | 100⅛ | +⅛ | 8.77 |
| NEW ZEALAND 8 93 | 100 | 98½ | 99¼ | | 8.64 |
| NIPPON CRED BK 9 3/4 93 | 150 | 102⅛ | 102⅜ | | 8.87 |
| NIPPON TEL & TEL 9 3/8 95 | 200 | 102⅛ | 102⅜ | +⅛ | 8.74 |
| NORDIC INV BANK 9 93 | 200 | 101¼ | 101½ | +⅛ | 8.41 |
| ONTARIO HYDRO 11 5/8 94 | 200 | 107½ | 108⅛ | | 8.82 |
| OSTER KONTROLLBANK 8 1/8 93 | 200 | 99⅝ | 100 | | 8.27 |
| PETRO-CANADA 7 1/4 96 | 200 | 93⅛ | 93⅝ | +⅛ | 8.87 |
| PRUDENTIAL RLTY SECS 0 99 | 365.216 | 46⅝ | 47⅛ | +⅛ | 9.81 |
| QUEBEC HYDRO 9 3/4 98 | 150 | 101⅛ | 102⅛ | −⅛ | 9.42 |
| QUEBEC PROV 9 98 | 200 | 98 | 98½ | −⅛ | 9.37 |
| SAINSBURY 9 1/8 96 | 150 | 100⅛ | 100⅝ | +⅛ | 9.06 |
| SAS 10 99 | 200 | 100½ | 102 | | 9.89 |
| SBAB 9 1/2 95 | 500 | 102⅛ | 102⅝ | +⅛ | 8.81 |
| STATE BK STH AUST 9 1/4 93 | 100 | 101⅛ | 101⅝ | +⅛ | 8.64 |
| SUMITOMO BK CAP MKT 9 3/8 93 | 150 | 101⅝ | 101⅞ | +⅛ | 8.83 |
| SWEDEN 8 1/8 94 | 150 | 98⅞ | 99⅜ | +⅛ | 8.51 |
| SWEDISH EXPORT 9 5/8 93 | 100 | 102½ | 102⅞ | | 8.33 |
| TOKYO METROPOLIS 8 1/4 96 | 200 | 97¼ | 97⅝ | +⅛ | 8.86 |
| WORLD BANK 8 3/8 99 | 1500 | 97¼ | 97½ | +⅛ | 9.02 |
| WORLD BANK 8 3/4 97 | 1500 | 100½ | 100⅝ | +⅛ | 8.83 |
| XEROX CORPN 8 3/8 96 | 100 | 93⅞ | 95 | +½ | 9.85 |
| **DEUTSCHE MARK STRAIGHTS** | | | | | |
| ASIAN DEV BANK 8 94 | 200 | 96¼ | 96¾ | | 9.03 |
| AUSTRIA 6 98 | 400 | 84 | 84 | +⅛ | 9.06 |
| CNT 6 1/8 98 | 200 | 83⅛ | 83⅝ | +⅛ | 9.19 |
| CREDIT FONCIER 6 3/4 99 | 500 | 86⅛ | 86⅝ | +⅛ | 9.19 |
| DEUTSCHE BK FIN 5 5/8 96 | 750 | 85⅞ | 85⅞ | +⅛ | 8.97 |
| EEC 5 3/8 93 | 300 | 93⅜ | 93⅝ | +⅛ | 8.79 |
| EIB 6 1/8 96 | 300 | 87⅛ | 87⅝ | +⅛ | 8.98 |
| EIB 6 7/8 95 | 300 | 92⅛ | 92⅝ | | 8.83 |
| EUROFIMA 6 1/4 98 | 400 | 83⅛ | 83⅝ | | 9.27 |
| FELDMUEHLE FINANCE 8 99 | 200 | 91½ | 91½ | | 9.43 |
| FERRO DEL STAT 5 3/8 93 | 500 | 93⅛ | 93⅝ | | 9.02 |
| IND BK JAPAN FIN 5 5/8 96 | 200 | 84⅛ | 84⅝ | +⅛ | 9.45 |
| INTER AMER DEV 7 1/4 99 | 300 | 88⅞ | 88⅞ | −⅛ | 9.16 |
| LUFTHANSA INT FIN 5 7/8 98 | 500 | 82⅛ | 82⅝ | | 9.28 |
| QUEBEC HYDRO 6 3/4 99 | 300 | 84⅛ | 84⅝ | | 9.46 |
| SWEDEN 6 1/8 98 | 300 | 84½ | 84½ | | 9.11 |
| WORLD BANK 0 15 | 2000 | 14⅛ | 14⅛ | | 8.08 |
| WORLD BANK 5 3/4 96 | 300 | 86⅛ | 86⅝ | +⅛ | 9.11 |
| WORLD BANK 7 1/8 95 | 500 | 93⅞ | 93⅞ | +⅛ | 8.98 |
| **SWISS FRANC STRAIGHTS** | | | | | |
| ASIAN DEV BANK 6 10 | 100 | 81¼ | 82 | | 7.90 |
| AUSTRIA 4 5/8 98 | 100 | 86½ | 87 | | 7.07 |
| CHUJITSUYA 7 3/4 95 | 50 | 101 | 101½ | +¼ | 7.48 |
| COUNCIL EUROPE 4 3/4 98 | 250 | 84½ | 84¾ | | 7.61 |
| EEC 5 1/2 00 | 100 | 85½ | 86½ | | 7.62 |
| EIB 5 3/4 93 | 100 | 97 | 98 | −½ | 6.91 |
| FINLAND 5 3/8 95 | 150 | 95 | 96 | | 6.59 |
| GENERAL MOTORS 7 1/2 95 | 100 | 100½ | 101 | | 7.36 |
| JAPAN DEV BK 5 1/2 94 | 100 | 94½ | 95½ | | 7.47 |
| MOUNT ISA FINANCE 5 3/4 94 | 100 | 86 | | +1 | 10.78 |
| NEW ZEALAND 4 7/8 99 | 200 | 82¼ | 83¼ | | 7.79 |
| QUEBEC HYDRO 5 08 | 100 | 75 | | −½ | 7.65 |
| SKANDINAVISKA ENSK 6 1/2 95 | 100 | 96 | 97 | | 7.66 |
| WORLD BANK 5 03 | 150 | 79½ | 80 | | 7.56 |
| WORLD BANK 7 1/4 92 | 100 | 100¾ | 101¼ | +¼ | 6.72 |
| **YEN STRAIGHTS** | | | | | |
| AUSTRIA 4 3/4 94 | 30000 | 93 | 93¼ | +⅛ | 7.31 |
| CANADA 4 3/8 92 | 80000 | 95⅝ | 95⅞ | | 7.36 |
| CREDIT FONCIER 5 1/4 94 | 30000 | 92¼ | 92⅝ | +⅛ | 7.52 |
| DENMARK 7 95 | 40000 | 99 | 99¼ | +⅛ | 7.27 |
| EIB 4 5/8 94 | 40000 | 92 | 92¼ | +⅛ | 7.31 |
| GENERAL ELECTRIC 5 3/4 93 | 35000 | 95⅜ | 96⅛ | +⅛ | 7.76 |
| INTER AMER DEV 7 1/4 00 | 30000 | 99⅞ | 100 | +⅛ | 7.28 |
| ITALY 5 3/4 92 | 150000 | 98⅛ | 98⅜ | | 7.35 |
| KANSAI ELEC PWR 4 5/8 94 | 60000 | 92 | 92¼ | +⅛ | 7.32 |
| NIPPON TEL & TEL 5 7/8 96 | 50000 | 93¼ | 93½ | +⅛ | 7.33 |
| NORWAY 5 1/8 95 | 50000 | 92 | 92¼ | +⅛ | 7.32 |
| SWEDEN 5 5/8 95 | 20000 | 92⅞ | 93¼ | | 7.46 |
| WORLD BANK 6 3/4 00 | 50000 | 96¼ | 97 | +⅛ | 7.23 |

| OTHER STRAIGHTS | Issued | Bid | Offer | Chg. day | Yield |
|---|---|---|---|---|---|
| COUNCIL EUROPE 7 94 LFr | 600 | 91⅝ | 92⅝ | | 10.13 |
| KREDIETCORP 7 93 LFr | 1000 | 93 | 94 | | 10.04 |
| WORLD BANK 8 96 LFr | 1000 | 92¼ | 93¼ | | 9.89 |
| AMRO BANK 6 1/4 92 Fl | 150 | 94⅝ | 95⅛ | | 9.73 |
| ALBERTA PROVINCE 10 92 C$ | 500 | 97⅞ | 98⅛ | | 11.40 |
| BCE INC 9 5/8 93 C$ | 300 | 95⅜ | 96¼ | | 11.66 |
| BELL CANADA 10 5/8 99 C$ | 150 | 94½ | 95 | +⅛ | 11.64 |
| BRITISH COLUMBIA 9 1/4 93 C$ | 150 | 95⅝ | 96⅛ | +⅛ | 11.48 |
| EIB 10 1/8 98 C$ | 130 | 94⅞ | 95⅜ | +⅛ | 11.19 |
| FORD CREDIT CANADA 10 94 C$ | 100 | 94⅛ | 94⅝ | +⅛ | 12.01 |
| GENERAL ELECT CAP 10 1/4 93 C$ | 175 | 97⅝ | 98⅛ | +⅛ | 11.24 |
| MONTREAL TRUSTCO 8 1/2 92 C$ | 100 | 94⅞ | 95½ | +¼ | 12.56 |
| ONTARIO HYDRO 10 7/8 99 C$ | 500 | 96⅝ | 96⅞ | +⅛ | 11.50 |
| QUEBEC PROV 10 1/2 98 C$ | 200 | 94⅛ | 94⅞ | +¼ | 11.61 |
| ROYAL TRUSTCO 10 1/4 93 C$ | 100 | 96 | 96½ | | 12.12 |
| SWEDEN 9 3/4 93 C$ | 250 | 96⅞ | 97⅛ | | 11.21 |
| AUSTRIA 7 3/8 93 Ecu | 125 | 93 | 94⅛ | −⅛ | 10.85 |
| CNT 7 3/8 93 Ecu | 250 | 91½ | 93⅛ | −⅝ | 11.28 |
| CREDIT LYONNAIS 9 96 Ecu | 125 | 91⅞ | 93⅛ | −1 | 11.16 |
| DENMARK 7 5/8 96 Ecu | 250 | 88⅝ | 89⅛ | +⅛ | 10.45 |
| EEC 7 5/8 94 Ecu | 200 | 93⅜ | 93⅞ | +⅛ | 10.08 |
| EIB 10 97 Ecu | 1125 | 99⅜ | 99⅞ | +⅛ | 10.06 |
| ITALY 10 3/4 00 Ecu | 1000 | 102⅝ | 102⅞ | +⅛ | 10.28 |
| SWEDEN 7 1/2 93 Ecu | 250 | 91¼ | 92½ | −⅛ | 11.10 |
| BMW FINANCE 14 1/2 92 A$ | 100 | 101⅞ | 102⅜ | +¼ | 12.80 |
| COUNCIL EUROPE 13 93 A$ | 50 | 101⅜ | 102 | +⅛ | 12.19 |
| EKSPORTFINANS 12 3/8 95 A$ | 75 | 100⅞ | 101⅜ | | 12.06 |
| FORD CRED AUST 13 93 A$ | 50 | 99½ | 100 | −⅛ | 13.17 |
| ICI 15 1/2 92 A$ | 100 | 102⅛ | 103⅛ | +⅛ | 13.21 |
| MCDONALDS CANADA 15 95 A$ | 100 | 105½ | 106 | +⅛ | 13.26 |
| NAT AUSTRALIA BANK 14 3/4 94 A$ | 150 | 104⅛ | 104⅛ | | 12.99 |
| STATE BK NSW 14 1/4 99 A$ | 100 | 107½ | 108 | | 12.77 |
| VOLKSWAGEN INTL 15 94 A$ | 100 | 105 | 105½ | +⅛ | 13.01 |
| ABBEY NATL TREAS 13 3/8 95 £ | 100 | 103½ | 104 | +⅛ | 12.23 |
| BARCLAYS JERSEY 9 1/2 93 £ | 250 | 94⅞ | 95⅛ | +⅛ | 12.11 |
| BRITISH GAS 12 3/4 95 £ | 150 | 103⅜ | 103⅞ | +⅛ | 11.66 |
| DEUTSCHE BK FIN 11 94 £ | 225 | 97⅞ | 98¼ | +⅛ | 11.86 |
| EIB 10 97 £ | 300 | 92¼ | 92⅝ | +⅛ | 11.81 |
| FORD CREDIT FUNDING 9 5/8 93 £ | 50 | 93⅛ | 93⅝ | | 13.01 |
| INTER AMER DEV 11 3/8 95 £ | 75 | 98⅞ | 99⅛ | +⅛ | 11.66 |
| ITALY 10 1/2 14 £ | 400 | 87 | 87⅛ | +½ | 12.18 |
| LAND SECS 9 1/2 07 £ | 200 | 75⅛ | 75⅝ | +½ | 13.22 |
| LEEDS PERMANENT 9 1/4 93 £ | 50 | 93⅛ | 93⅝ | | 12.40 |
| NORWAY 10 1/2 94 £ | 200 | 96⅛ | 96⅜ | +⅛ | 11.87 |
| ROLLS-ROYCE 9 5/8 93 £ | 150 | 93⅝ | 93⅞ | | 12.70 |
| SAINSBURY 10 7/8 93 £ | 100 | 97⅛ | 97⅝ | | 12.45 |
| SKANDINAVISKA ENSK 13 1/8 95 £ | 100 | 102⅛ | 103⅛ | +½ | 12.33 |
| WORLD BANK 11 1/4 95 £ | 100 | 98⅞ | 99⅜ | +½ | 11.54 |
| ABBEY NATIONAL 0 96 NZ$ | 100 | 45⅛ | 47⅛ | −⅛ | 14.47 |
| TELECOM NZ O/S FIN 13 1/8 93 NZ$ | 75 | 99 | 100½ | | 13.52 |
| AIDC 7 7/8 93 FFr | 600 | 93⅛ | 94⅛ | | 10.50 |
| CREDIT LYONNAIS 10 95 FFr | 2000 | 98⅛ | 98⅜ | +⅛ | 10.47 |
| EURATOM 7 5/8 98 FFr | 500 | 85⅛ | 85⅝ | −⅛ | 10.52 |

| FLOATING RATE NOTES | Issued | Bid | Offer | C.cpn |
|---|---|---|---|---|
| ABBEY NATIONAL 1/16 00 £ | 150 | 99.93 | 100.03 | 13.9375 |
| ALBERTA PROVINCE 1/32 93 | 500 | 99.92 | 100.02 | 8.4063 |
| ALLIANCE & LEICS 0.08 94 £ | 300 | 99.68 | 99.73 | 13.9550 |
| BANCO ROMA 0 03 01 | 200 | 92.01 | 93.01 | 8.4675 |
| BANCO SANTO SPIRITO 93 | 200 | 99.56 | 99.66 | 8.4375 |
| BELGIUM 1/16 97 DM | 500 | 99.95 | 100.05 | 8.8125 |
| BFCE -0.02 96 | 350 | 99.76 | 99.86 | 7.7925 |
| BNP 05 | 300 | 97.95 | 98.16 | 8.0000 |
| BRITANNIA 1/10 96 £ | 150 | 99.52 | 99.57 | 13.9750 |
| CCCE 06 ECU | 200 | 99.93 | 100.04 | 10.3906 |
| CITIZENS FED 0.15 96 | 100 | 99.30 | 99.98 | 8.2125 |
| COMMERZBK O/S FIN 93 | 200 | 99.61 | 99.71 | 7.9375 |
| DENMARK -1/8 96 | 1000 | 99.06 | 99.16 | 8.0000 |
| FERRO DEL STAT 94 | 200 | 100.32 | 100.42 | 8.2500 |
| HALIFAX 1/10 94 £ | 200 | 99.80 | 99.84 | 13.9750 |
| HILL SAMUEL 1/4 PERP | 75 | 85.50 | 87.50 | 8.7500 |
| MITSUI FIN ASIA 1/8 96 | 100 | 99.51 | 99.61 | 8.1875 |
| MORGAN (JP) 1/4 97 | 250 | 97.50 | 98.34 | 8.5000 |
| NAT WEST FIN 3/16 05 | 400 | 92.50 | 93.50 | 8.3125 |
| NEW ZEALAND 93 | 500 | 99.50 | 99.60 | 8.0625 |
| NORTHEAST SAVINGS 1/10 96 | 150 | 99.46 | 99.96 | 8.1625 |
| QUEBEC PROV 01 | 300 | 97.00 | 97.15 | 8.1250 |
| RENFE 98 | 500 | 99.47 | 99.57 | 7.8750 |
| SOCIETE GENERALE 96 | 300 | 98.55 | 98.65 | 8.0000 |
| STATE BK VICTORIA 0.05 99 | 125 | 97.16 | 97.41 | 8.4375 |
| UNITED KINGDOM -1/8 96 | 4000 | 100.02 | 100.05 | 8.2500 |

| CONVERTIBLE BONDS | Issued | Conv. price | Bid | Offer | Prem. |
|---|---|---|---|---|---|
| ARGYLL GROUP 4 1/2 02 £ | 60 | 2.95 | 104⅛ | 105½ | +28.83 |
| ASDA-MFI 4 3/4 02 £ | 100 | 1.64 | 109½ | 110⅝ | +37.08 |
| BURTON GROUP 4 3/4 01 £ | 110 | 3.15 | 103⅛ | 104⅛ | |
| EASTMAN KODAK 6 3/8 01 | 300 | 50.67 | 96⅛ | 97⅛ | +13.93 |
| GOLD KALGOORLIE 7 1/2 00 | 65 | 1.0554 | 67 | 68 | +29.05 |
| GOODYEAR TIRE 6 7/8 03 | 150 | 80¼ | 47⅛ | 48½ | |
| GRACE (WR) 6 1/4 02 | 150 | 42¼ | 68 | 69 | +30.95 |
| GRAND MET 6 1/4 02 £ | 100 | 6.58 | 93⅞ | 94⅞ | +3.61 |
| HAWLEY 6 02 PREF | 400 | 1.91 | 92½ | 94⅛ | +32.71 |
| HILLSDOWN 4 1/2 02 £ | 150 | 4.16 | 103⅛ | 104½ | +68.44 |
| INTL PAPER 5 3/4 02 | 200 | 68½ | 83⅞ | 84⅞ | +15.78 |
| LAND SECS 6 3/4 02 £ | 84 | 6.72 | 83⅛ | 84⅛ | +5.39 |
| MITSUBISHI BK 1 3/4 02 | 300 | 2727.1 | 78 | 80 | +0.45 |
| OGDEN 6 02 | 85 | 39.077 | 62½ | 63⅛ | +28.54 |
| PACIFIC DUNLOP 6 3/4 97 | 75 | 3.749 | 102 | 103⅛ | +1.54 |
| TEXAS INSTRUMENTS 2 3/4 02 | 300 | 82⅞ | 78⅛ | 79⅛ | |
| THORN EMI 5 3/4 04 £ | 103 | 7.45 | 104 | 105 | +20.31 |

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Data supplied by Association of International Bond Dealers.

# INTERNATIONAL CAPITAL MARKETS

## Money brokers step into the financial limelight

**Stephen Fidler** looks at the man in the middle

Legal questions about stock lending have brought into the limelight the little-understood role of money brokers in the London financial markets.

Stock lending plays an essential role in providing liquidity in the UK bond and equity markets, since it allows marketmakers to cover short positions by borrowing stock from investment institutions. The moneybrokers stand as middle folk between the institutions and the marketmakers.

The legal questions concern the title to the collateral which is pledged against the borrowed shares and bonds. They have been enough, amid a general anxiety about credit problems, to lead a minority of investment institutions to pull back from stock lending.

Although this seems to have no tangible effect on the amount of stock available for lending in either the gilts or UK equity market, some marketmakers appear to have reduced the size of lots in which they are willing to deal at quoted prices. Some arbitrageurs of shares against the FT-SE futures contract appear to have unwound positions, helping both the equity and gilts markets to rise this week on technical buying.

A working party headed by the Bank of England is urgently looking at the technical issues raised, and said yesterday it had come up with possible solutions.

The expectation is that a solution, once agreed by the Stock Lending and Borrowing Committee which is headed by Mr Ian Plenderleith of the Bank of England, can be introduced as early as next week. The changes would make watertight the title of stock lenders to collateral, and not involve significant changes to market practice.

However, the issue has stirred up again the question of the role of the money brokers, through which those borrowing or lending stock are compelled to operate if they are dealing in UK government bonds or shares. There are nine such institutions operating in the gilt market, regulated by the Bank of England, and a slightly greater number in equities, regulated by The Securities Association.

Ian Plenderleith: may agree a solution next week

In the UK system, the brokers act not as agents but as principals. They borrow stock from more than 100 investment institutions and lend it to marketmakers which need it to cover short positions in stock. In return, the marketmakers provide the brokers with cash collateral, which the brokers then convert into earning assets such as bank certificates of deposits and pledge these back to the investment institution as collateral.

**The issue has stirred up the question of the role of the money brokers, through which those borrowing or lending stock are compelled to operate if they deal in gilts or shares.**

This process seems convoluted to many – even to those involved – and there have been calls for the money broking role to be abolished. "Why can't we deal directly with the institutions?" asked one marketmaker yesterday.

It has brought claims that London's domestic markets are being restricted, and criticism of the Bank of England for preserving what is seen in some quarters as unnecessary intermediaries that make a tidy sum from their activities.

The rules seem particularly odd since stock lending through the moneybrokers is only required for UK stocks and bonds and not for international stocks. It means that a marketmaker can borrow stock directly from an institution, but only when non-UK stocks are involved.

The Bank of England last reviewed the gilt market system ahead of Big Bang in 1986, and the TSA subsequently reviewed the system for equities. Three main reasons are usually cited for having preserved stock lending as it stands:

- The brokers are efficient finders of stock and provide the benefit of anonymity in dealings, which would be lost if the borrower and lender dealt direct.
- More significantly, they provide a convenient point at which the market can be regulated. The UK authorities believe that any alternative system would have to be more bureaucratic.

The view is that the system of regulation that the Federal Reserve had to introduce following problems in the New York repo market – the US equivalent – in the early 1980s takes more effort.

This is because keeping track of transactions among so many parties is more difficult when they are not centralised.

- The brokers also provide a framework by which stock lending can be treated favourably by the Inland Revenue. Lending stock by institutions is not considered a disposal for capital gains purposes. Some in the market expect a tax ruling soon which would reduce the importance of the brokers from a tax point of view.

It is clear that replacing the system would not be simple and the current legal complications will not provide a reason for the system to be changed. However, it is likely to be reviewed again by Mr Plenderleith's Stock Lending and Borrowing Committee, to coincide with the introduction of the Taurus electronic share registration system, expected by the end of next year.

## Barclays, NatWest in preference share deal

By Simon London

CMB Packaging Holdings, a subsidiary of the Anglo-French packaging conglomerate CMB Packaging, has placed £200m of preference shares with Barclays and National Westminster banks.

Each bank is subscribing for £100m of preference shares. The proceeds will be used by CMB to pay off existing bank debt resulting from the merger of packaging competitors Metal Box of the UK and Carnaud of France last year.

According to Mr Peter Collier, CMB group treasurer, group borrowings stood at FFr5.9bn at the end of June and would be reduced to about FFr3.9bn as a result of this transaction. The structure of the transaction reflects the difficulties of issuing preference shares in the public stock markets, he added.

The preference shares are redeemable after seven years. Although CMB can suspend dividend payments under certain circumstances, the shares are cumulative – meaning that passed dividend payments mount up for payment at a later date.

Although the banks are effectively taking on risk capital, the dividend income counts as franked investment income and is untaxed.

Barclays is syndicating a portion of its credit risk to a group of CMB's relationship banks including Société Générale, Crédit Lyonnais, Crédit Commercial de France and Banque Francaise du Commerce Exterieur. Essentially this involves raising guarantees from these banks on a portion of the preference shares.

## Australia alters closing date

By Simon London

AUSTRALIA has brought forward the closing date of its offer to repurchase US$400m worth of outstanding paper in four Eurodollar bond issues.

It will close on November 26 and results announced the following day.

## Crédit Local in FFr1bn offering

By Simon London

THE FIFTH big French franc deal in three weeks was launched into the international bond markets yesterday, suggesting that investors are beginning to recognise the much-heralded value of franc-denominated securities.

Following substantial offerings by issuers including the European Investment Bank and the Republic of Spain, Crédit Local offered a FFr1bn eight-year deal with a coupon of 10½ per cent.

Priced at 101.90, the paper offered a yield of 10.52 per cent, or 46 basis points over equivalent French government bonds. The issue traded at less 1.95 bid, just inside full fees of 2 per cent.

Both the EIB and Spain issues were launched at a spread of 40 basis points over government bonds, but the yield on French government paper has fallen sharply over the last few days.

For example, the 9½ per cent eight-year French government OAT was yesterday yielding 10.06 per cent, against 10.22 per cent at the end of last week.

The rally has come against a background of receding prospects of war in the Gulf. Analysts suggest that, Gulf crisis aside, French franc bonds offer an attractive combination of currency stability and relatively high yields against a background of stable inflation.

A further FFr1.5bn bond issue from the Republic of Finland is expected to be launched in the next few days, possibly today.

Late in the day, British Gas reopened its outstanding £175m three-year issue, adding a further £75m in an offering lead managed by Credit Suisse First Boston. The name and generous 13 per cent coupon should ensure smooth placement today.

With sterling towards the lower end of its European monetary system band, overseas investors are beginning to show interest in sterling-denominated assets. However, syndicate managers suggest that investors have been switching to longer maturity paper over the past few days, as the market has begun to regain some semblance of confidence.

Barings broke syndicate on Monday's £400m mortgage-backed deal from Stars, a special purpose vehicle for Citicorp. Launched at par, the bonds were quoted yesterday at 99.77 bid, against the fixed reoffered price of 99.85 and full fees of 25 basis points.

In the yen sector, Province of Nova Scotia launched a Y30bn 10-year issue via Yamaichi International. Priced at 100.80 and carrying a 7.7 per cent coupon, the bonds yield 7.559 per cent. However, the deal was largely placed with Far Eastern institutional investors.

- The World Bank has issued a Fl 300m Eurobond, said lead manager ABN Amro, the Dutch bank, Reuter adds.

The bond is due December 27, 2000, pays a 9¼ per cent coupon and is priced at 101.35 per cent.

Fees total 1 point. Payment date is December 27 this year.

### INTERNATIONAL BONDS

### NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Coupon % | Price | Maturity | Fees | Book runner |
|---|---|---|---|---|---|---|
| **SWISS FRANCS** | | | | | | |
| Swiss Cantonal Banks(b)◆ | 185 | 7¼ | 99¾ | 2002 | - | Zurcher Kantonalbank |
| **FRENCH FRANCS** | | | | | | |
| Credit Local◆ | 1bn | 10½ | 101.90 | 1998 | 2/1¼ | Credit Lyonnais |
| **STERLING** | | | | | | |
| British Gas(c)◆ | 75 | 13 | 103.725 | 1993 | - | CSFB |
| ALSK-CGER IFICO(a)◆ | 50 | 26½ | 101⅞ | 1995 | 1⅞ | Baring Brothers |
| **GUILDERS** | | | | | | |
| World Bank◆ | 300 | 9¼ | 101.35 | 2000 | - | ABN AMRO |
| **DANISH KRONER** | | | | | | |
| Kredietbank Int.Fin.◆ | 300 | 10.30 | 101.90 | 1995 | 1⅞/1¼ | Kredietbank NV |
| **YEN** | | | | | | |
| Prov.of Nova Scotia◆ | 30bn | 7.7 | 100.80 | 2000 | - | Yamaichi Int. |
| Minebea Co.◆ | 27bn | 7.9 | 101.60 | 1995 | - | Nomura Int. |

◆Final Terms. a)Coupon payable on 13.03.91 stepping down to 10%,semi-annually thereafter. b)Early call after 10 years at borrowers option. c)Deal becomes fungible with outstanding £175m bond from 22.01.91.

## Japanese brokers allow market forces to set rates

TO crown the liberalisation of Japan's short-term money market, brokers have stopped setting collateralised call money rates and now allow market forces to determine them, money brokers said, Reuter reports from Tokyo.

The rates, which had been set daily at about 10am local time and remained the same throughout the day, were allowed to float freely from yesterday in response to the best bid and offer.

The change was proposed by a government advisory panel last June, which said the rate-setting system was difficult to understand.

US officials have also criticised the lack of transparency in the Tokyo money market.

"We hope that the change will make the market easier to use, and rate movements more understandable," said an official in the Bank of Japan's credit and market management department.

But some market-watchers said participants in the market – borrowers, lenders and the Bank of Japan itself – liked the old system.

Some bankers fear the change could lead to higher short-term interest rates.

"It adds to uncertainty, and that adds to the cost of money," said a short-term dealer at a big Japanese bank.

## Philippines to reopen debt-to-equity scheme

THE Philippine debt council endorsed a plan to reopen a revised debt-to-equity conversion programme next month, the central bank said, Reuter reports from Manila.

The bank yesterday recommended reviving the scheme with an initial auction of $75m worth of Philippine debt paper. It required the approval of the debt council, which comprises representatives of both the legislature and the executive. The scheme now needs President Corazon Aquino's final approval.

The plan requires investors to submit offers of discounted debt paper to the bank and invest the proceeds in local projects in preferred areas.

Mr Jose Cuisia, central bank governor, said preferred areas would include public sale of state firms and bank rehabilitation.

Manila hopes to sell $300m worth of central bank debt paper annually or $900m over three years.

The debt swap scheme was introduced in 1986 with similar programmes to help reduce its $28bn foreign debt and attract foreign investment. It was suspended in 1988 after it was found to be fuelling inflation.

The central bank said it had taken into account the inflation impact of debt swaps when it decided to revive the scheme.

# LONDON MARKET STATISTICS

## FT-ACTUARIES SHARE INDICES

| EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section | Wednesday November 21 1990: Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (Act at (25%)) | Est. P/E Ratio (Net) | xd adj. 1990 to date | Tue Nov 20 Index No. | Mon Nov 19 Index No. | Fri Nov 16 Index No. | Year ago (approx) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 CAPITAL GOODS (195) | 717.37 | +0.6 | 14.96 | 6.65 | 8.17 | 34.18 | 712.74 | 704.43 | 691.95 | 857.50 |
| 2 Building Materials (26) | 962.28 | +0.1 | 15.11 | 6.35 | 8.13 | 41.09 | 961.37 | 944.05 | 926.43 | 1025.92 |
| 3 Contracting, Construction (34) | 1149.50 | +0.6 | 16.38 | 6.97 | 7.93 | 59.48 | 1143.05 | 1135.69 | 1116.77 | 1383.30 |
| 4 Electricals (10) | 1887.05 | ...... | 14.87 | 7.14 | 8.23 | 99.22 | 1886.26 | 1861.98 | 1821.06 | 2422.73 |
| 5 Electronics (26) | 1626.73 | +0.2 | 10.36 | 5.28 | 13.14 | 60.29 | 1623.72 | 1603.25 | 1583.08 | 1882.42 |
| 6 Engineering-Aerospace (8) | 415.83 | +1.6 | 16.13 | 5.86 | 7.43 | 17.27 | 409.38 | 405.67 | 399.58 | 0.00 |
| 7 Engineering-General (47) | 354.88 | +0.3 | 16.35 | 7.28 | 7.37 | 18.02 | 353.89 | 352.25 | 347.71 | 0.00 |
| 8 Metals and Metal Forming (8) | 386.25 | +0.8 | 24.00 | 8.84 | 5.12 | 24.83 | 383.07 | 387.32 | 392.91 | 455.75 |
| 9 Motors (13) | 289.25 | -0.4 | 17.27 | 8.32 | 6.75 | 17.45 | 290.28 | 286.84 | 276.37 | 351.02 |
| 10 Other Industrial Materials (23) | 1212.35 | +1.7 | 13.91 | 6.73 | 8.31 | 62.04 | 1192.59 | 1172.76 | 1141.50 | 1609.33 |
| 21 CONSUMER GROUP (177) | 1203.54 | +0.2 | 10.14 | 4.26 | 12.22 | 35.49 | 1200.74 | 1195.81 | 1182.27 | 1233.56 |
| 22 Brewers and Distillers (22) | 1531.15 | -0.1 | 10.35 | 3.86 | 11.71 | 33.88 | 1533.19 | 1531.67 | 1505.09 | 1393.12 |
| 25 Food Manufacturing (19) | 1012.08 | -0.1 | 11.43 | 4.87 | 10.79 | 31.63 | 1013.36 | 1008.14 | 996.36 | 1085.21 |
| 26 Food Retailing (16) | 2266.33 | +0.5 | 9.63 | 3.27 | 13.55 | 58.72 | 2255.76 | 2232.82 | 2213.69 | 2222.12 |
| 27 Health and Household (18) | 2393.46 | +0.4 | 7.43 | 3.17 | 15.96 | 59.14 | 2384.47 | 2369.76 | 2366.33 | 2499.98 |
| 29 Leisure (31) | 1222.25 | -0.8 | 12.47 | 5.44 | 9.75 | 44.64 | 1231.51 | 1230.19 | 1212.60 | 1551.50 |
| 31 Packaging & Paper (12) | 499.44 | +0.4 | 12.89 | 6.97 | 9.53 | 23.79 | 497.69 | 489.21 | 478.88 | 530.95 |
| 32 Publishing & Printing (13) | 2893.48 | +0.7 | 12.22 | 6.49 | 10.28 | 139.88 | 2872.71 | 2914.03 | 2864.97 | 3602.06 |
| 34 Stores (34) | 824.18 | +0.9 | 10.37 | 4.42 | 12.53 | 25.63 | 816.87 | 812.39 | 799.69 | 747.92 |
| 35 Textiles (12) | 422.50 | +0.9 | 13.98 | 8.40 | 9.07 | 26.32 | 418.93 | 415.52 | 415.92 | 498.67 |
| 40 OTHER GROUPS (107) | 983.89 | +0.7 | 12.76 | 5.85 | 9.50 | 33.65 | 977.41 | 970.32 | 955.95 | 1108.86 |
| 41 Agencies (15) | 906.11 | -2.0 | 11.80 | 3.72 | 10.26 | 23.93 | 924.56 | 940.23 | 948.66 | 1490.98 |
| 42 Chemicals (24) | 1031.67 | +0.4 | 13.14 | 6.53 | 8.98 | 50.79 | 1027.35 | 1013.58 | 1001.92 | 1169.60 |
| 43 Conglomerates (14) | 1295.57 | +2.3 | 13.12 | 7.73 | 9.15 | 41.19 | 1266.85 | 1252.95 | 1225.89 | 1599.41 |
| 44 Transport (15) | 1827.68 | +0.7 | 14.06 | 5.58 | 8.77 | 72.05 | 1815.71 | 1802.30 | 1762.47 | 2105.19 |
| 46 Telephone Networks (3) | 1135.95 | +0.1 | 11.77 | 4.41 | 11.04 | 26.09 | 1135.00 | 1122.71 | 1099.96 | 1089.51 |
| 47 Water (10) | 2054.76 | +1.1 | 14.12 | 6.59 | 8.03 | 68.12 | 2031.88 | 2009.21 | 1973.13 | 0.00 |
| 48 Miscellaneous (26) | 1495.38 | +0.8 | 12.51 | 6.03 | 9.29 | 63.59 | 1484.10 | 1490.41 | 1487.54 | 1838.87 |
| 49 INDUSTRIAL GROUP (479) | 1018.20 | +0.5 | 12.01 | 5.28 | 10.21 | 35.60 | 1013.57 | 1006.75 | 992.86 | 1114.36 |
| 51 Oil & Gas (21) | 2291.11 | +0.2 | 9.76 | 5.49 | 13.38 | 95.39 | 2286.04 | 2250.45 | 2229.25 | 2185.16 |
| 59 500 SHARE INDEX (500) | 1122.73 | +0.4 | 11.66 | 5.31 | 10.59 | 40.42 | 1118.02 | 1108.97 | 1094.42 | 1204.06 |
| 61 FINANCIAL GROUP (102) | 716.41 | +0.9 | - | 6.66 | - | 34.02 | 709.74 | 703.04 | 697.75 | 774.34 |
| 62 Banks (9) | 767.59 | +0.8 | 21.31 | 7.51 | 6.15 | 42.00 | 761.84 | 752.77 | 739.80 | 801.90 |
| 65 Insurance (Life) (7) | 1286.58 | +0.8 | - | 5.97 | - | 55.82 | 1276.49 | 1271.06 | 1286.94 | 1282.80 |
| 66 Insurance (Composite) (6) | 623.84 | +2.4 | - | 6.85 | - | 32.08 | 609.08 | 604.74 | 603.61 | 642.21 |
| 67 Insurance (Brokers) (8) | 950.49 | +0.3 | 7.96 | 6.77 | 16.45 | 48.39 | 948.03 | 959.39 | 961.04 | 1065.15 |
| 68 Merchant Banks (7) | 345.71 | +0.1 | 5.61 | 5.92 | 23.77 | 14.24 | 345.42 | 338.30 | 335.02 | 421.61 |
| 69 Property (44) | 976.22 | +0.4 | 7.59 | 5.01 | 17.42 | 30.55 | 972.20 | 956.61 | 947.41 | 1162.09 |
| 70 Other Financial (21) | 244.43 | +0.6 | 11.56 | 7.38 | 11.11 | 13.00 | 243.07 | 243.91 | 243.71 | 315.69 |
| 71 Investment Trusts (70) | 1004.44 | ...... | - | 4.01 | - | 28.74 | 1004.25 | 1001.48 | 989.79 | 1218.38 |
| 91 Overseas Traders (5) | 1183.81 | +0.4 | 12.06 | 7.80 | 9.87 | 70.90 | 1178.98 | 1162.27 | 1110.91 | 1396.29 |
| 99 ALL-SHARE INDEX (677) | 1022.31 | +0.5 | - | 5.48 | - | 38.48 | 1017.38 | 1009.06 | 996.49 | 1101.79 |

| | Index No. | Day's Change | Day's High (a) | Day's Low (b) | Nov 20 | Nov 19 | Nov 16 | Nov 15 | Nov 14 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX‡ | 2126.3 | +11.1 | 2141.6 | 2102.7 | 2115.2 | 2095.9 | 2068.0 | 2060.0 | 2046.0 | 2192.3 |

### FIXED INTEREST

| | PRICE INDICES | Wed Nov 21 | Day's change % | Tue Nov 20 | xd adj. today | xd adj. 1990 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | Up to 5 years | 119.54 | +0.06 | 119.47 | - | 10.71 |
| 2 | 5-15 years | 125.80 | +0.34 | 125.38 | - | 11.95 |
| 3 | Over 15 years | 126.69 | +0.43 | 126.16 | - | 10.78 |
| 4 | Irredeemables | 141.84 | +0.51 | 141.12 | - | 13.46 |
| 5 | All stocks | 125.62 | +0.25 | 125.31 | - | 11.55 |
| | Index-Linked | | | | | |
| 6 | Up to 5 years | 157.48 | +0.08 | 157.36 | - | 3.04 |
| 7 | Over 5 years | 143.97 | +0.21 | 143.67 | - | 3.45 |
| 8 | All stocks | 144.87 | +0.20 | 144.58 | - | 3.42 |
| 9 | Debentures & Loans | 100.10 | +0.87 | 99.24 | - | 10.99 |
| 10 | Preference | 72.89 | +0.07 | 72.84 | - | 6.44 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Wed Nov 21 | Tue Nov 20 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 10.14 | 10.17 | 10.11 |
| 2 | Coupons | 15 years | 10.49 | 10.57 | 9.79 |
| 3 | | 25 years | 10.52 | 10.59 | 9.71 |
| 4 | Medium | 5 years | 11.13 | 11.17 | 11.24 |
| 5 | Coupons | 15 years | 10.97 | 11.03 | 10.16 |
| 6 | | 25 years | 10.88 | 10.94 | 9.81 |
| 7 | High | 5 years | 11.33 | 11.41 | 11.36 |
| 8 | Coupons | 15 years | 11.18 | 11.23 | 10.37 |
| 9 | | 25 years | 11.11 | 11.18 | 9.95 |
| 10 | Irredeemables | | 10.77 | 10.83 | 9.78 |
| | Index-Linked | | | | |
| 11 | Inflation rate 5% | Up to 5yrs. | 3.80 | 3.83 | 3.73 |
| 12 | Inflation rate 5% | Over 5 yrs. | 4.18 | 4.19 | 3.69 |
| 13 | Inflation rate 10% | Up to 5yrs. | 2.49 | 2.51 | 2.83 |
| 14 | Inflation rate 10% | Over 5 yrs. | 3.98 | 4.00 | 3.51 |
| 15 | Debs & | 5 years | 13.41 | 13.69 | 12.59 |
| 16 | Loans | 15 years | 12.93 | 13.18 | 12.10 |
| 17 | | 25 years | 12.60 | 12.73 | 12.10 |
| 18 | Preference | | 12.91 | 12.92 | 10.81 |

‡Opening index 2102.7; 9 am 2111.3; 10 am 2121.2; 11 am 2139.1; Noon 2138.3; 1 pm 2136.3; 2 pm 2135.9; 2.30 pm 2139.8; 3 pm 2136.7; 3.30 pm 2125.0; (a) 11.10am (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 70 | 0 | 16 |
| Corporations, Dominion and Foreign Bonds | 7 | 0 | 14 |
| Industrials | 340 | 304 | 903 |
| Financial and Properties | 154 | 134 | 454 |
| Oils | 27 | 14 | 50 |
| Plantations | 3 | 1 | 6 |
| Mines | 20 | 30 | 102 |
| Others | 48 | 72 | 82 |
| Totals | 669 | 555 | 1,627 |

## LONDON RECENT ISSUES

### EQUITIES

| Issue Price | Am'nt Paid up | Latest Renunc. Date | 1990 High | 1990 Low | Stock | Closing Price | +or- | Net Div | Times Cov'd | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 155 | F.P. | - | 160 | 155 | ‡Brabant Resources £1 | 155 | | - | - | - | - |
| 2 | F.P. | - | 4½ | 3 | Finlan Group 1p | 3 | | - | - | - | - |
| - | F.P. | - | 22 | 20 | ‡MMI 1p | 22 | | f1.0 | 2.4 | 6.1 | 8.5 |
| † | F.P. | - | 17 | 8 | ‡Paramount 2½p | 9½ | | - | - | - | - |
| † | F.P. | - | 53 | 31 | ‡Pelican 20p | 36 | +1 | - | - | - | - |
| $100 | F.P. | - | 96 | 78 | Smaller Cos. Inv. Tst50p | 78 | | - | - | - | - |
| - | F.P. | - | 23 | 19 | Do. Warrants | 20 | | - | - | - | - |
| 225 | F.P. | - | 245 | 190 | ‡Standard Platform 10p | 190 | | - | - | - | - |
| † | F.P. | - | 126 | 113 | Unichem 10p | 113 | -2 | R4.5 | 2.5 | 5.3 | 8.5 |

### FIXED INTEREST STOCKS

[illegible]

### RIGHTS OFFERS

[illegible]

## TRADITIONAL OPTIONS

- First Dealings Nov. 12
- Last Dealings Nov. 23
- Last Declarations Feb. 21
- For settlement March 4

For rate indications see end of London Share Service

Calls in Brent Walker, Davy Corp., Eurotunnel units, Monument Oil & Gas, T. Cowie, Tusker Res. and T & N. Puts in T. Cowie, Tusker Res. and Hardanger Props.

## LONDON TRADED OPTIONS

LONDON DERIVATIVES continued to push ahead yesterday as a squeeze in the futures and equity markets and sterling's steady tone drove prices higher. However, the early decline on Wall Street caused prices to retreat from their best levels towards the session's close.

The December FT-SE 100 index contract strengthened in busy early dealing and moved to a premium over the cash market of more than 30 points.

Sterling's resilience in the face of growing political uncertainty in the UK also encouraged buying of equity futures, including institutional investors.

December FT-SE eventually closed at 2,153, up 3 points on the day. December's premium to the cash market finished at 28 points compared with 34 in the previous session. According to brokers' calculations, the futures index should be 15 points above its cash equivalent, if dividend payments and the cost of finance are taken into consideration.

In the traded options market turnover was a modest 30,698 contracts and was evenly split between calls and puts. The FT-SE contracts were busy, particularly in the November 2,050 calls and the Euro FT-SE 1,825 puts.

The FT-SE options traded 10,778 contracts, of which 6,660 were calls and 4,118 were puts. The November 2,050 calls traded 1,196. The Euro FT-SE traded 2,654 lots, almost all of which were puts.

Among the stock options STC was the busiest. The day's 1,683 contracts were divided between 1,000 puts and 683 puts. The January 300 puts were the most active, trading 1,000.

Next on the list was British Gas as interest focused on the December 220 calls. The flotation of the electricity companies has generated activity in utilities companies, particularly British Gas, options analysts said. Elsewhere, Rolls-Royce traded 1,396 and Hanson 1,022.

| Option | | Calls Jan | Calls Apr | Calls Jul | Puts Jan | Puts Apr | Puts Jul |
|---|---|---|---|---|---|---|---|
| Allid Lyons (*486) | 460 | 39 | 60 | 65 | 10 | 16 | 22 |
| | 500 | 17 | 37 | 42 | 28 | 33 | 38 |
| | 550 | 5 | 18 | - | 67 | 70 | - |
| ASDA (*131) | 120 | 15 | 20 | 25 | 4 | 7 | 9 |
| | 130 | 9 | 14 | 19 | 7½ | 11 | 12 |
| | 140 | 5 | 10 | 13 | 15 | 18 | 19 |
| Brit. Airways (*142) | 130 | 19 | 26 | 27 | 4 | 7 | 11 |
| | 140 | 11 | 17 | 20 | 7 | 12 | 18 |
| | 160 | 3½ | 9 | 13 | 22 | 24 | 28 |
| Trafalgar (*173) | 160 | 20 | 28 | 30 | 11 | 22 | 27 |
| | 180 | 12 | 19 | 20 | 23 | 32 | 38 |
| | 200 | 5 | 13 | 15 | 40 | 47 | 52 |
| Utd. Biscuits (*319) | 300 | 31 | 39 | 45 | 5½ | 12 | 14 |
| | 330 | 13 | 20 | 29 | 19 | 26 | 28 |
| Unilever (*648) | 600 | 67 | 87 | 103 | 10 | 18 | 23 |
| | 650 | 35 | 57 | 72 | 25 | 37 | 45 |
| Ultramar (*344) | 330 | 29 | 38 | 48 | 9 | 14 | 18 |
| | 360 | 13 | 23 | 32 | 23 | 28 | 32 |

[illegible]

## UK COMPANY NEWS

### 'Unacceptable' position as Eagle Star underwriting losses mount

# BAT dives to £41m in third quarter

By David Owen

BAT INDUSTRIES yesterday blamed greater than expected underwriting losses and substantial investment depreciation at Eagle Star, the general insurance business, for a 90 per cent decline in taxable third quarter profits to only £41m.

"There is really no point in trying to disguise the disappointing nature of these figures," said Mr Patrick Sheehy, chairman of the tobacco-based conglomerate. He added that insurance claims had been "far higher" than the group had anticipated.

The meagre third-quarter contribution means that BAT has made just £599m before tax in the first nine months of 1990 compared with £1.07bn in the corresponding period of the previous year. Turnover, at current exchange rates, was up from £12.89bn to £13.47bn.

In spite of the poor figures, BAT shares closed ahead 4p in the reasonably buoyant market at 561p. Analysts attributed this partly to the group's stated commitment to at least maintain last year's final dividend. This would produce a sizeable real increase on a pro-forma basis. Earnings per share in the year to date fell heavily from 39.75p to 12.79p.

Eagle Star's overall nine-monthly loss was £51m, against record profits of £262m in 1989, with underwriting losses rising to £316m. The group is attempting to rectify the "unacceptable" underwriting position by "aggressively seeking rate increases."

Because of the group's accounting policy for investment appreciation, Eagle Star was also the source of an exceptional deduction of £212m from financial services division profits stemming from the low level of stock markets at September 30.

The third quarter included a further £35m strengthening for property finance indemnity, bringing total reserves on this account to £200m. Eagle Star is no longer writing new property development guarantee business. Management said that the need to set aside further reserves would depend on the level of confidence in the sector.

The group's other financial services businesses – Farmers, the US insurance operation, Allied Dunbar, the UK life assurance and unit trust group, and the life side of Eagle Star – all registered "good" profit increases.

BAT's tobacco businesses registered a 13 per cent increase from £621m to £703m in nine monthly trading profits, demonstrating some resilience to the economic downturn. The third quarter performance was less impressive, however, with profits edging up from £224m to £232m.

The group was hit by an unusually high 59.9 per cent effective tax rate, the product principally of Eagle Star's hefty unrelieved investment depreciation and of ACT write-offs.

Lydia van der Meer

Patrick Sheehy: insurance claims "far higher" than anticipated

Mr Sheehy said that he expected the ACT problem to persist for three-to-four years. The group was "constantly" looking at ways to maximise its UK income, he added.

Below the line, there was an extraordinary credit of £439m (£197m), consisting largely of the estimated gains on disposal of Eurotec and VG Instruments, the US retailing subsidiaries.

In April, the group escaped from a potential £13bn hostile takeover bid from Sir James Goldsmith's Hoylake.

See Lex

### DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corres - ponding dividend | Total for year | Total last year |
|---|---|---|---|---|---|
| Brown Shipley ......int | 3 | Jan 19 | 4.5 | - | 12 |
| Cable & W'less ......int | 3.7 | Feb 28 | 3.1 | - | 10 |
| Courtaulds ......int | 3.4 | Jan 31 | 3.1 | - | 11.1 |
| Fleming High Inc......int | 1.45♠ | - | 1.3 | - | 5.25 |
| Forward Group § ......int | 1 | Dec 28 | 1 | - | 1 |
| Foster(John) ......int | nil | - | 1.75 | - | 5.5 |
| Hogg Robinson ......int | 2.25 | Jan 18 | 2 | - | 5.3 |
| JS Pathology ......int | 1.8 | Jan 18 | 1.8 | - | 5.5 |
| Radio Clyde§ ......fin | 5 | Feb 15 | 4.75 | 8.25 | 7.5 |
| Ranks Hovis ......fin | 8.92 | Jan 25 | 8.92 | 12.74 | 12.74 |
| Readicut Intl ......int | 0.63 | Feb 15 | 0.63 | - | 3.44 |
| Shani § ......fin | 2.4 | Jan 17 | 2.4 | 4 | 4 |
| Sketchley ......int | nil | - | 6.5 | - | 6.5 |
| Waddington (J) ......int | 3.6 | Jan 15 | 3.6 | - | 7.9 |
| Whitbread ......int | 4.3 | Jan 4 | 3.8 | - | 14.8 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Second interim, making payment for year so far 2.85p

# Brown Shipley reduces interim as earnings drop

BROWN SHIPLEY, the City of London merchant banking and financial services group, was forced to cut its interim dividend yesterday after reporting a sharp fall in earnings, writes David Lascelles.

The group gave no details of profits for the six months to September 30, but directors said that the results were "significantly below" the previous first half. The dividend is down by one third from 4.5p to 3p.

Brown Shipley had warned that profits for the year as a whole would be significantly lower than last year, when it earned £7.5m before tax.

Mr John van Kuffeler, the chief executive, said three areas of the group had borne the brunt of the decline in the first half.

Investment management and stockbroking had been hit by the downturn in the stock market, and had produced a loss, while another difficult area was merchant banking, where corporate finance fees fell by one third. And profits from leasing activities were also down.

By contrast, profits from insurance broking activities were significantly higher.

# John Foster falls into the red with £0.9m loss

By Alice Rawsthorn

JOHN FOSTER, the Yorkshire wool textile group, yesterday saw its shares plunge by 10p to 31p when it announced it was passing its interim dividend after falling from pre-tax profits of £711,000 into a loss of £928,000 in the first half.

Mr David Allen, who became managing director last month as part of a change in the senior management team, said the new team would "review every aspect of the business" to develop a new strategy to turn Foster into "a completely different company".

Foster, like other wool textile groups, has suffered from depressed domestic demand and a highly competitive export market. It was also hit by the loss of a major order at the beginning of the period.

As a result turnover fell to £12.75m (£16.53m). Mr Allen said the lost order accounted for the biggest part of the fall in business. It made an operating loss of £684,000 (profits of £857,000) and paid higher interest of £244,000 (£146,000). Foster made a loss per share of 8.3p (earnings of 6.3p).

Mr Allen said there would be some improvement in the second half but trading was still "very difficult" and Foster was unlikely to achieve more than break-even for the full year. The board is passing the interim dividend and will wait until the end of the year before deciding whether to pay a final dividend.

The new management team is still in the process of reviewing Foster's operations. The group, which is involved with spinning and weaving, employs 850 people mainly at its Black Dyke Mills site.

Mr Allen said the future direction of the group was likely to concentrate on its weaving and specialist spinning activities, rather than commodity areas of production. Foster plans to emphasise quality and service in the future and has stopped subcontracting production.

Mr Allen said announcements would be made about the restructuring at Christmas and early in the new year.

# Courtaulds advances 23% but warns of second half slowdown

By Clive Cookson

COURTAULDS performed strongly during its first half year as a specialist chemicals and fibres company, following the demerger of the textiles business. Pre-tax profits for the six months to September 30 were up 23 per cent to £87.1m.

However, Sir Christopher Hogg, chairman, warned yesterday that the growth would not continue at the same rate during the second six months. "Many of our businesses are now experiencing more difficult trading conditions," he said. "Furthermore the results for this year against last are being materially impacted by exchange rate movements."

Although the interim results were above City expectations, analysts were taking a cautious view of the prospects for the whole year, after the chairman's warning.

"The anticipated beneficial consequences of the demerger, in focusing management and imparting additional momentum, have been felt strongly and will continue. Courtaulds is making good progress towards becoming a higher margin and more specialised company," Sir Christopher said. "We now face a battle between recessionary influences in the world at large and the inherent growth potential in our business."

Turnover for the first half of the year rose 5 per cent to £948m. Trading improved in all its businesses – with traditional fibres showing the best performance.

Rayon is a particularly profitable product for Courtaulds at the moment, according to Mr Sipko Huismans, managing director. Demand is very strong with rayon in fashion among American clothes designers; Courtaulds has more than 60 per cent of the US market following the withdrawal last year of its main competitor, Avtex; and the price of wood pulp, the raw material for rayon, is falling.

Acrylic fibres have long been a problem area for Courtaulds, with persistent manufacturing overcapacity in Europe in the face of declining demand. Mr Huismans said Courtaulds had reduced its own acrylic capacity from 210,000 tonnes to 85,000 tonnes since the beginning of 1989, through plant sales and closures, and was now operating profitably.

Earnings per share for the six months were 17.8p (14.6p) and the interim dividend is raised to 3.4p (3.1p).

**● COMMENT**

The market could not decide whether to be more impressed by Courtaulds's sparkling first half results or the warning of a slowdown in the second half – and the share price ended 1p up at 318p. Last year the company made 58 per cent of its profits in the second six months. Judging by the chairman's comments, the second half will produce about the same pre-tax profits as the first half this time. If so, Courtaulds will make £175m before tax for the full year, giving it a prospective p/e ratio of 9.3. That is an undemanding rating for what is now a growth-oriented specialist chemicals company. Courtaulds seems to have dealt successfully with its main problem area, acrylic fibres, and the prospects for future growth in fibres made from wood pulp such as rayon do not depend entirely on the vagaries of the US fashion trade. Even if up-market clothes designers suddenly go off rayon, there is the prospect of growing industrial demand.

# Readicut 38% lower at £5.3m

By Richard Gourlay

READICUT INTERNATIONAL, the specialist textile group, yesterday reported a 38 per cent fall in pre-tax profits at the interim stage as turnover and trading margins were hit by weakness in the economy.

Pre-tax profits for the six months to September 30 fell to £5.3m from £8.5m on sales down 3 per cent at £107.5m.

Earnings per share fell t from 2.95p to 1.84p but the dividend was maintained at 0.63p. There is also a share option.

Mr Roland Smith, chairman, said that in current trading conditions the future had to be viewed with some caution.

Readicut has been particularly hard hit by troubles facing the launches of new Rover and Ford cars which are fitted with its carpets.

Contract carpeting for businesses has been buoyant but demand from home-owners has remained low due to high interest rates and less people moving homes.

The squeeze on carpet margins has been further hit following the sale by receivers of stock at Coloroll.

Group gearing at the half-way stage rose to over 40 per cent, but would be reduced to around the 34 per cent level where it was at the last year-end.

The group was confident the final dividend could be maintained.

**● COMMENT**

Problems with the launch of three new car models in which Readicut's carpets are fitted is unfortunate but there is more in yesterday's unexpectedly poor interims than bad luck. The erosion of margins in polypropylene fibres markets, from higher raw material costs and sterling's strength, and continuing lack of demand for carpets from cash-strapped home-owners point to a second half in which the company may have difficulty covering its dividend.

Capex has been frozen, 4 per cent of the workforce has been laid off and the company is talking of a disposal programme. But on the trading side the old formula of strength from diversification appears to have worn thin.

Prospective earnings of around £11m, or 3.7p per share, according to James Capel, give a prospective multiple of 10.

At best the share price can look forward to support based on a relatively strong balance sheet and a high yield, of around 12.5 per cent, if the company maintains its dividend.

## UK COMPANY NEWS

# Whitbread rises 16% but warns of difficult period

By Andrew Hill

WHITBREAD, the UK beer, food and leisure group, yesterday unveiled a 16 per cent increase in interim pre-tax profits, but warned that it faced a difficult second half, particularly in its family restaurant operations.

The company, which announced the £115m acquisition of 150 Berni Inn pubs and restaurants from Grand Metropolitan two days ago, reported profits of £149m in the six months to September 1, compared with £129m in the equivalent period.

However, Mr Peter Jarvis, group chief executive, said September and October had been "very poor months", with consumers buying fewer meals and cancelling hotel bookings.

"It's going to be more difficult for us to achieve our profit forecast in the second half of the year than it was in the first half," he said. Whitbread 'A' shares slipped 6p to 425p in a strong market.

Mr Jarvis said the number of meals served at Whitbread's family restaurants – which include the Beefeater chain – had probably declined by 5 per cent in the first half.

He added: "This is a very, very successful concept with a very high return on investment, but the typical user of a Beefeater restaurant is 35 years old with a wife, a mortgage and two kids, and he's the one who's suffered most in the credit squeeze."

However, Whitbread said sales of beer – including Heineken, Boddington's Bitter and Stella Artois – were still growing faster than the market and the Pizza Hut restaurant chain and Thresher off-licences were performing well.

Having sold its wines and spirits business, Whitbread has now split its remaining operations into three divisions.

In the first half, the beer division increased trading profit by 12 per cent to £42.3m (£37.8m); the pub partnerships division – set up to manage the tenanted pub estate and put government legislation on tied houses into action – pushed up profits to £32.4m (£30.6m); and managed retail estate, which includes the food, drink and leisure retailing businesses, made £67.8m (£59.3m).

Overall turnover rose from £984m to £1.04bn. Adjusted for acquisitions and disposals, Whitbread said that was an increase of 15.6 per cent. Earnings per share rose 16 per cent to 24.68p (21.23p) and the company declared an interim dividend of 4.3p (3.8p).

**● COMMENT**

The sale of the spirits business to Allied-Lyons at the end of last year has helped Whitbread reduce interest charges from £24.5m to £6.3m in the first half, and continue a £6m-a-week capital expenditure programme. That is a strong argument for holding Whitbread shares for the longer term, as the benefits of refurbishment and upgrading come through. In the short run, however, the company admits that it is dependent on a list of great imponderables, from the winter weather to the state of the economy. At the moment the beer, pub and off-licence businesses are holding up well against the rest of the market, but it is difficult to predict how trading will be affected if the Chancellor is forced to maintain the squeeze on consumer spending through Christmas. Assuming Whitbread makes £290m in the full year, its 'A' shares are on a prospective p/e of around 9, which looks about right.

# Guinness' £533m offer wins Spanish ayes

**Philip Rawstorne** and **Tom Burns** on the takeover of leading brewer Cruzcampo

EIGHTEEN months ago, nobody at the Seville headquarters of Cruzcampo had given even a passing thought to selling the company – let alone that it might become the focal point for the biggest overseas investment yet made in Spain.

Cruz was not only the country's biggest brewer, but also the most profitable and fastest-growing. Nearly half its shares were held by about 170 members of Andalucia's closely-knit, aristocratic, land-owning families.

The company's articles barred any shareholder from selling a stake without first offering it to other shareholders.

There seemed no reason why a well-established way of life should be disturbed.

It was an exhaustive survey of the Spanish brewing industry by Goldman Sachs, the US investment bank, that turned Cruzcampo onto the road which led to yesterday's £533m agreed offer from Guinness, the UK-based drinks group.

The Goldman Sachs report suggested that the Spanish brewing sector, distribution-led and regionally based, looked ripe for consolidation. Overseas brewers had already entered the market and were likely to increase their interests.

Cruzcampo was interested in Goldman Sachs' predictions, but reluctant to accept them. It was not until a few months later that it began to review its prospects in greater detail.

By that time, the financial troubles of Stroh, the US brewer which has a 28 per cent stake in Cruzcampo, gave further cause for a systematic study of its strategic options. After long discussions with Goldman Sachs executives, it was decided to explore the possibility of another overseas partner.

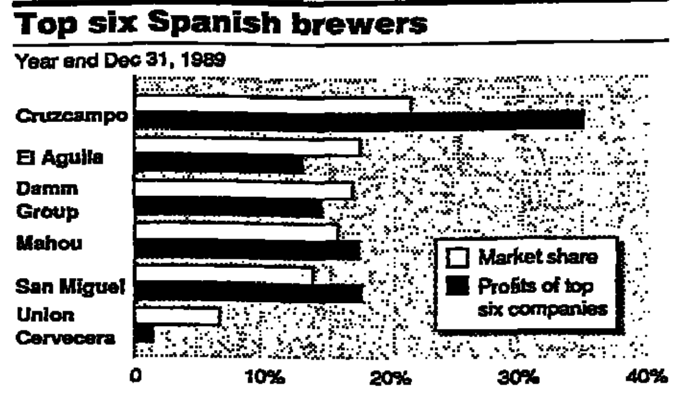
The investment bank approached a number of leading overseas brewers, including Heineken, Carlsberg, Labatt, Anheuser-Busch, Asahi and Guinness. No Spanish companies entered the reckoning – reflecting the fact that a group as big as Cruzcampo is simply, but controversially, beyond the reach of domestic pockets.

Each of the foreign brewers was given an account of Cruzcampo's operations and financial performance. Virtually all of them responded with ideas for possible deals; some were flexible in their approach, others wanted to buy the company outright.

Teams of executives trooped into Seville for a closer look at the company. Some spoke fluent Spanish, others had little knowledge either of the language or the country.

**Top six Spanish brewers**

Year end Dec 31, 1989



It soon became clear that Cruzcampo's thoughts were turning towards selling the company, and that potential European buyers were more favourably regarded.

For Guinness, both Mr Anthony Tennant, chairman, and Mr Brian Baldock, head of the brewing division, visited Seville for frequent discussions.

Mr Baldock said yesterday: "We have long recognised that the world beer market is actually made up of a series of regional markets. Our strategy has been to expand market by market.

"The Spanish market is one of the fastest-growing and most profitable in Europe. Over the last 10 years it has grown at an annual rate of 4 per cent. Yet beer consumption per head, at 68 litres, is still well below that of northern European countries.

"Cruzcampo offered us a strategic base in that market. It is a highly profitable business, with consistent sales and profits growth. There is an opportunity to expand there with Cruzcampo's brands, and to introduce other brands where appropriate."

Guinness has already reduced its reliance on its stout. Five years ago it represented 80 per cent of sales volume, now it is down to 60 per cent, and the Cruzcampo acquisition will cut it to 40 per cent.

Guinness's marketing skills appealed to Cruzcampo's management as a solution to the problems of expanding beyond its own regional confines.

Guinness's management style also established a rapport. Cruzcampo's managers found the Guinness team "knowledgeable, very clear about their objectives and sympathetic to local traditions and pride."

By the end of October, the Cruzcampo executive committee had decided to accept the offer from Guinness, which was advised by Chase Manhattan.

The next, and most complex task, was to woo the 170 family shareholders into supporting the deal. Getting the families to sit down together and agree to the 100 per cent takeover was a minor problem of the UK group's cash offer.

The real complexity came first in finding out who they were, and afterwards in explaining the tax liabilities due to each shareholder. The fiscal treatment of capital gains is punitive in Spain.

Money will, nevertheless, be pouring into a sizable group within Seville's oligarchy. Just under two years ago, small packets of shares in Cruzcampo were changing hands among the families at prices around a fifth of what Guinness agreed to pay yesterday.

## Fleming High Income assets slip

**Net asset value per share of Fleming High Income Investment Trust at the end of its second quarter to October 31 was 79.10p, against 84.8p at April 30 1990.**

**Pre-tax revenue for the quarter fell to £918,000 (£1.19m) but the interim dividend is raised to 1.45p (1.3p) on earnings per share of 2.74p (3.48p).**

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Finals- Ashley Group, Ferry Pickering, Govett Atlantic Inv. Trust, Merland, Wheeler.

Interims- Amber Indl, Anglo American Corp. of S Africa, British Gas, Bulgin (A F), City of London PR, Davy Corp, Portsmouth Water, Powell Duffryn, Rommans Intl., Sandvik, Scottish Asian Trust, Sims Food, Volex.

FUTURE DATES

| | |
|---|---|
| **Interims-** | |
| Anglian Water | Dec 3 |
| European Colour | Nov 30 |
| Hunter Saphir | Nov 29 |
| Is Shops | Dec 4 |
| Morris Ashby | Dec 4 |
| Murray Smaller Mkts Tst | Jan 22 |
| Phoenix Timber | Dec 3 |
| Scot & Merc Inv Trust | Nov 26 |
| Security Archives | Dec 6 |
| Welsh Water | Dec 14 |
| **Finals-** | |
| Greenfriar Inv. | Jan 25 |
| Hardys & Hansons | Dec 10 |
| London Scottish Bank | Jan 16 |
| TSB | Jan 9 |
| Witan Inv. | Jan 17 |

# British Steel acquires Tuscaloosa Steel in US

By Michael Cassell, Business Correspondent

BRITISH STEEL is to acquire 100 per cent ownership of Tuscaloosa Steel, a "state-of-the-art" plate and hot strip rolling mill in Alabama.

The deal, although relatively small-scale, represents the company's most significant acquisition to date in the United States.

Financial details of the purchase are not being disclosed but the price is considerably higher than the £11m net asset value currently placed on the mill complex.

British Steel has held a 9.6 per cent stake in the business since 1984, when it was formed with three other partners – Tippins International, the majority shareholder and a producer of steel-making equipment, O'Neal Steel, a stock-holding group and American Cast Iron Pipe, a steel pipe-maker.

The partnership was formed to fund and construct the plant and British Steel was contracted to supply £50m worth of semi-finished, continuously cast slabs to the mill from its Teesside works. It remains the primary supplier.

The original agreement was struck at a time when the US government and the EC were negotiating a quota system to reduce imports of semi-finished steel and was seen as a way of ensuring British Steel would not fall foul of anti-dumping regulations. The mill has an annual capacity of 600,000 tons, with annual sales of about £80m.

British Steel said yesterday that the new ownership structure, which could be finalised early in the New Year, was designed to secure the future of the Tuscaloosa plant.

It was considered appropriate that the facility, which produced a very high quality product in a competitive marketplace, should now be under the control of a single operator.

# C&W rises 25% to £301m but disappoints City

By Paul Abrahams

CABLE & WIRELESS, the UK-based telecommunications group, yesterday reported pre-tax profits up 25 per cent from £241m to £301m for the six months to 30 September.

Lord Young, chairman, said the results showed the first half of the year had been successful, but would have been stronger if exchange rates had not proved so volatile.

He explained that profits would have been £24m higher if the rates used for the first half of last year had prevailed. The results were at the bottom end of analysts' forecasts. C&W's shares closed down 10p at 413p.

Earnings per share had increased by only 5 per cent to 15.1p, although they had been diluted by the allocation of 1.83m ordinary shares during the six months.

Profits were also helped by the HK$10.3bn sale of a 20 per stake in Hong Kong Telecom to the Hong Kong arm of Peking-backed investment company China International Trust and Investment Corporation.

The company has also sold and leased back its headquarters. C&W earned £22m from interest payments and paid £12m less in interest than during the same period last year.

Gearing currently stands at 3.6 per cent.

Turnover increased from £1.09bn to £1.26bn, while total operating costs increased from £825m to £976m.

The interim dividend is being raised from 3.1p to 3.7p.

Mr Gordon Owen, group managing director, said the company would continue with its strategy to lessen its dependence upon the US dollar and the Asia/Pacific area.

Mr Rod Olsen, finance director, pointed out that the US dollar had depreciated by 7 per cent against sterling during the six months to September compared with the same period last year.

He warned that if the currencies remained at their present rate they would continue to have an impact during the second half of the year.

The trading profit of Mercury Communications, C&W's UK subsidiary, was £50m compared with £20m for the same period last year. However, the figures included those of Telephone Rentals whose UK operations have been merged with Mercury. Mercury's turnover increased from £211m to £316m.

Reacting to the government's recent proposals to break up the existing duopoly between British Telecom and Mercury, Lord Young said: "The review is what we have been waiting for. It presents us with far more opportunities than dangers.

"With our existing telephone networks, PCNs and telepoint, as well as a seven-year lead, we have a great advantage over new entrants."

Lord Young – results held back by exchange rates

**● COMMENT**

C&W's shares have underperformed the market in recent months and this set of results will do little to ease analysts' fears. Most analysts are less interested in the company's profit before tax than its earnings per share. The latter are looking distinctly dull, mostly because of currency problems which appear unlikely to disappear in the short term. While the government's duopoly review is likely to be more beneficial than detrimental to Cable & Wireless, there are concerns about its heavy capital investment plans in Hong Kong and for Mercury and PCNs. These will be necessary anyway to keep down the company's tax charges. With so much corporate activity in telecommunications, the market will be watching to see if C&W's ambitions to become a world telecommunications player are realistic. Meanwhile, the stock appears to be stuck in limbo.

## Good position for acquisitions as decline in holiday travel is controlled and transport lifts profit

# Interest income helps Hogg Robinson advance 31% to £8.7m

By Jane Fuller

HOGG ROBINSON, the travel, transport and financial services group in which Sir Ron Brierley's IEP Securities has a near 17 per cent stake, increased pre-tax profit by 31 per cent to £8.74m in the six months to September 30.

The improvement, from £6.65m, came on sales of £47.73m (£44.81m) and was helped by interest income of £2.34m (£1.44m). Mr Brian Perry, chairman, said the group was cash rich with about £32m of its own money in the bank, apart from advance payments from travellers. This puts it in a good position to make acquisitions.

The bulk of turnover is derived from the travel division and it showed a slight improvement in operating profit to £3.47m (£3.33m). More than half the business is corporate, which Mr Perry said had been growing at more than 16 per cent a year. He did, however, describe prospects as uncertain because of the potential effects of recession on business travel.

In holidays, sold through the group's 220 high street shops, the overall summer decline had been 12 per cent, but Hogg had limited the damage to a 2 per cent fall. A 10 per cent price increase had also offset part of the downturn, as had the automation of clerical work.

Transport increased its profit to £1.9m (£1.62m) thanks to a bumper first half from the Rotterdam haulage subsidiary and to the government freight agency – taking hardware to the Gulf had kept that section busy.

Mr Perry said the European freight operation was seeing a better balance between east and west-bound legs. "Our experience is that exports from the UK have improved and we have not noticed any signs of gloom and doom."

In financial services, growth had come from the corporate pensions administration scheme and from personal lines such as household and motor insurance. That division improved its profit to £1.56m (£941,000).

The group has three big shareholders: IEP, investment vehicle of Sir Ron Brierley, the New Zealand entrepreneur; British Airways, with 12.5 per cent; and the Kuwait Investment Office with 11.5 per cent.

Earnings grew to 7.68p (5.71p). The interim dividend rises to 2.25p (2p).

**● COMMENT**

Hogg Robinson, not to be confused with the insurance concern Hogg Group from which it demerged in 1987, has continued to progress after last year's bounce-back in profit to £10.4m. Its recovery dates back to the sale, negotiated in March 1989, of its state agency business to Sun Alliance, the insurance group, over which Mr Perry is entitled to feel an increasing amount of glee. The momentum built up in transport and financial services and damage limitation in travel is likely to see the full-year pre-tax profit top £12m (compared with £11m in 1987-88). The main second-half concern is that the dead skiing holiday market may well be joined by a corporate spending slide. A prospective p/e of 11.6 means that the premium factors of bid speculation, cash and good management are already in the price, which closed unchanged at 123p yesterday.

# Redundancy and closure costs leave Sketchley £5.5m in the red

By David Owen

AN EXCEPTIONAL charge of £3.85m has resulted in a larger-than-expected £5.54m interim loss at Sketchley, the dry-cleaning and vending group which earlier this year evaded two takeover attempts.

The charge related to redundancies and the closure of functions and premises that have become surplus to requirements.

Some 450 jobs have been cut to date, according to Mr John Richardson, joint deputy chairman.

"We think we have tipped everything upside down to the nth degree," said Mr Richardson, who was appointed in April along with Mr Tony Bloom a month after Compass launched its hostile bid. No more exceptional charges would be needed, he indicated.

Yesterday's loss compared with a £4.99m taxable profit for the six months to the end of September 1989. Turnover fell from £92.2m to £85.85m. The group cautioned, however, that its restructuring programme, incorporating the adoption of new accounting practices, invalidated year-on-year comparisons.

First-half results from the core dry-cleaning business were characterised as disappointing, with the hot dry summer depressing turnover. A programme has been instituted to raise standards of quality and service in connection with which some £2m is to be invested in the current financial year.

The textile services division generated a material positive cash flow, helped by a string of redundancies and the closure of a garment manufacturing unit at Basildon. The group is to sell both its vending division and Mellordata, its computer sales and maintenance arm.

Net gearing was brought down from 198 per cent at the end of March to 84 per cent – reflecting £41m of debt – six months later. The board intends to reduce this level further.

The loss per share was 8.5p, against earnings of 8.3p in 1989. No interim dividend was declared.

The shares slipped 3p to 75p.

**● COMMENT**

It is a fair bet that Mr Bloom and Mr Richardson have been getting their hands dirty literally as well as figuratively in pursuit of better returns for Sketchley's long-suffering shareholders. With the basic form of the restructuring decided, attention is focusing more and more on day-to-day management of the dry-cleaning and textile services businesses. Recent measures have included an off-the-cuff programme of market research during which one of the deputy chairman's suits was returned from the cleaners minus some buttons. At this early stage, analysts are reluctant to make full-year forecasts, citing a list of uncertainties and a dearth of hard information. Improvements would need to show through unexpectedly rapidly if a full-year loss at the taxable level is to be avoided, however. A decision to invest would demonstrate considerable faith in Mr Bloom and Mr Richardson's management skills.

# Takeover Panel asks BS to postpone meeting

By Richard Gourlay

THE TAKEOVER Panel has asked BS Group, the Bristol-based stadium and property group, to postpone an extraordinary general meeting planned for tomorrow at which its proposed merger with Scott's, the restaurant chain, was likely to be approved.

The postponement will allow an appeal to the Panel on Friday by aggrieved BS minority shareholders against a ruling that it could take no further action in the merger even though the terms are based on a valuation of Scott's restaurants that is nearly three times higher than a valuation commissioned independently by the minority shareholders.

The minority group, led by Abingdon Management, has already asked Singer & Friedlander, the merchant bank advising BS shareholders, to consider the lower valuation and seek arbitration by the Royal Institute of Chartered Surveyors.

Singer & Friedlander has continued to recommend the merger, which involves the exchange of four new BS shares for every Scott's share. If a lower value for the Scott's restaurants was used, BS shareholders would have to give fewer of their shares for the Scott's shares.

The merger as it is currently priced could allow the family of Mr Isadore Kerman, the chairman of BS and Scotts restaurants, to control BS.

The Panel executive is understood to have based its ruling not to take the matter further on the grounds that it believed the rules of valuation had been complied with and that therefore there was no basis in its code to force an arbitration by the RICS.

## PUBLIC WORKS LOAN BOARD RATES

Effective November 21.

| | Quota loans repaid | | | Non-quota loans A* repaid | | |
|---|---|---|---|---|---|---|
| Years | by EPY† | At†† | at maturity§ | by EPY† | At†† | at maturity§ |
| 1 | | | 12⅛ | | | 12⅞ |
| Over 1 up to 2 | 12 | 12 | 11⅞ | 13 | 13 | 12⅝ |
| Over 2 up to 3 | 12 | 11⅞ | 11¾ | 13 | 12⅞ | 12½ |
| Over 3 up to 4 | 11⅞ | 11⅞ | 11¾ | 12⅞ | 12⅞ | 12½ |
| Over 4 up to 5 | 11¾ | 11¾ | 11⅞ | 12¾ | 12¾ | 12⅝ |
| Over 5 up to 6 | 11¾ | 11¾ | 11⅞ | 12¼ | 12¼ | 12⅜ |
| Over 6 up to 7 | 11¾ | 11¾ | 12 | 12¼ | 12¼ | 12½ |
| Over 7 up to 8 | 11¾ | 11⅞ | 12 | 12¼ | 12⅜ | 12½ |
| Over 8 up to 9 | 11⅞ | 11⅞ | 12 | 12⅜ | 12⅜ | 12½ |
| Over 9 up to 10 | 11⅞ | 11⅞ | 12 | 12⅜ | 12⅜ | 12½ |
| Over 10 up to 15 | 12 | 12 | 11⅞ | 12½ | 12½ | 12⅜ |
| Over 15 up to 25 | 11⅞ | 11⅝ | 11½ | 12⅝ | 12⅛ | 12 |
| Over 25 | 11⅝ | 11⅜ | 11⅜ | 12⅛ | 11⅞ | 11⅞ |

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

# UK COMPANY NEWS

## Restructuring costs and reduced property proceeds hit profits

# UK operations leave RHM lower

**By Maggie Urry**

RANKS HOVIS McDougall, the maker of Mr Kipling cakes, Bisto gravy and Hovis bread, suffered a sharp fall in profits in its year to September 1, hit by difficult trading conditions, exceptional costs and a shortfall in property disposal profits.

Pre-tax profits fell from £176.5m to £133.2m, after exceptional restructuring costs of £17m.

Mr Stanley Metcalfe, the chairman, said he was confident that the current year would see a return to growth. He said the group planned to expand mainly in continental Europe and the US, largely through acquisition.

The shares fell 27p to 255p on the news but later recovered to close 4p down at 275p.

Sunningdale, a company controlled by Sir James Goldsmith, Lord Rothschild and Mr Kerry Packer, holds 29 per cent of the shares. Mr Metcalfe said that RHM had "no complaints" about this shareholding.

Glass was found in some Mr Kiplings apple pies which required a £3.4m extraordinary charge, a write down in the value of the brand in the balance sheet and also affected sales.

RHM said that the cost of cutting its fixed costs – which included making 1200 redundancies – should be recouped within two years through savings.

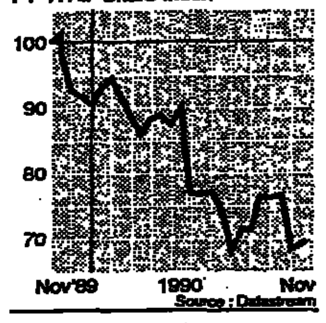
Mr Metcalfe said a warm winter and hot summer had affected sales of food. The cake division was hardest hit with profits down 24 per cent to £17.8m.

Property profits fell from £17.3m in 1988-89 to £4.9m in 1989-90. RHM said that it had included £4.8m in its interim profits relating to a property sale which later did not go through because the purchaser, a property development group, went into receivership. Other sales which were hoped for were not achieved.

Excluding those factors, operating profits from continuing businesses were 9 per cent lower at £137.8m. All the UK trading divisions reported lower profits, but the US business increased operating profits by 18 per cent to £16.6m.

**RHM**

Share price relative to the FT–A All–Share Index



Source: Datastream

Profits from grocery products fell 4.6 per cent to £28.8m; milling and baking profits were 10.5 per cent down at £82.0m and food services were down 10.4 per cent to £12.1m. Profits from businesses sold during the year were £37.6m (£35.3m).

Net interest charges were £29.6m (£26.6m) but these fell during the second half when the £200.1m profits from sales of three major businesses were coming through. These profits were treated as extraordinary items and offset a £24m debit for closure costs.

Mr Metcalfe said the balance sheet at the year end was in good shape, showing net cash of £105m (debts of £384m) and shareholders funds of £1bn.

The group's brand values were cut by £152m, £145.3m of which related to brands sold during the year, such as Shredded Wheat.

Earnings per share, excluding the exceptional item, fell 17 per cent to 28.5p.

A proposed unchanged final dividend of 8.92p maintains the total for the year at 12.74p.

See Lex

# Waddington suffers from slide in printing

**By Jane Fuller**

JOHN WADDINGTON, the packaging, printing and games group and one of the many to gain from the Teenage Mutant Ninja Turtle craze, reported an 11 per cent fall in pre-tax profit to £8.02m in the six months to September 29.

At the operating level, profit inched ahead to £9.4m (£9.3m) as a strong improvement in packaging and games offset a slide in the printing of business forms.

Interest paid fell to £1.38m (£2m) following business disposals and tighter controls on working capital. But there were no property profits to match the £1.72m made in the first half of last year.

In the past five years, Waddingtons has reduced its dependence on the UK from 90 per cent to 74 per cent of sales, and increased the role of packaging from 45 to 57 per cent.

Nevertheless, games – including the venerable trio of Monopoly, Cluedo and Subbuteo as well as "Turtle" products" – pushed up operating profit margins to 15.1 per cent in the first half, compared with 7.9 per cent for packaging and a disappointing 6.5 per cent for business forms and specialist printing.

Mr David Perry, chief executive, said group sales of £114.15m (£117.72m) were affected by disposals. The growth in continuing businesses was 6 per cent.

In packaging, the operating profit grew to £5.41m (£4.76m) with folding cartons performing particularly strongly. This business, mainly related to ready meals, would in the spring gain up to 30 per cent extra capacity through the opening of a 300,000 sq ft factory in Leeds. Most of this year's £22m capital expenditure was devoted to this.

The worst performance came from business form printing, where there was over-capacity in a recession-hit market. Two factories had been closed.

In spite of a good result from specialist printing, the division saw an overall profit fall from £3.1m to £2.2m, reflectingdisposals as well as weak trading.

Games increased its contribution from £1.47m to £1.82m.

Earnings per share slipped to 7.36p (8.49p).

The interim dividend is held at 3.6p.

**● COMMENT**

After a welcome pruning of unsuccessful parts of the business, notably at Johnsen and Jorgensen plastics and in general printing, the underlying performance of the business was quite robust. But bearing in mind the unkind climate for UK packaging and printing companies and the bulge in capital spending, it is likely to take a year to 18 months for benefits to feed through – including, in the medium-term, further property windfalls. At this stage, the turnround in the US and tight control of borrowing (while keeping up investment) bear witness to the effectiveness of a now-stable management team. A forecast full-year pre-tax profit close to last year's £17.6m gives a prospective multiple of less than eight. Yesterday's closing price of 122p is unlikely to move much in the short term, so there is no rush to buy.

## NEWS DIGEST

### 24% decline to £1.9m at Shani

SHANI GROUP, the USM-quoted designer and supplier of ladies' and children's clothing, suffered a 24 per cent downturn in profits to £1.89m pre-tax for the year to end-July. Turnover improved from £13.97m to £14.61m.

Mr Martin Hollis, chairman, blamed the fall on continuing difficulties in the retailing sector and warned that present indications were that trading conditions for the current year would be even more difficult.

He added, however, that Shani had maintained good liquidity throughout 1989-90 and that cash balances at year-end were £3.47m. An unchanged final dividend of 2.4p maintains the total at 4p. Earnings declined to 9p (11.3p) per 10p share.

### Radio Clyde rises 11% to £2.17m

Radio Clyde, the USM-quoted independent radio station, turned in a pre-tax profit of £2.17m for the year to September 30, an 11 per cent advance over the £1.95m of the previous year. Turnover was £8.38m, compared with £7.76m.

Mr Ian Chapman, chairman, said that with substantial cash resources, the company was now well poised to exploit any opportunities which might become available. The board looked to the future with confidence.

After tax of £765,000 (£672,000) and minorities payments of £9,000 (£10,000), earnings per share improved from 20.4p to 22p. The proposed final dividend is 5p (4.75p) making 8.25p (7.5p).

### JS Pathology hit by Gulf crisis

A decline in business from Middle East patients and the loss of contracts in Kuwait and Iraq resulted in a sharp downturn in profits at JS Pathology for the six months to end-September.

From a turnover little changed at £5.78m (£5.88m) profits at the pre-tax level fell from £2.04m to £1.74m after taking account of interest and other income totalling £741,000 (£561,000).

Earnings emerged at 8.6p (10.3p) and the interim dividend is a same-again 1.8p.

The London-based company is an independent clinical laboratory.

### Forward Group shows progress

The Forward Group's interim results to July 31 show a 6 per cent rise in pre-tax profits from £384,000 to £408,000 on turnover ahead from £4.56m to £5.09m.

For the whole of last year Forward turned in a loss of £690,000 and passed its final dividend.

Mr Ray Chamberlain, chairman and chief executive of this USM quoted company which supplies specialist services to the electronics industry, said on the basis of current trading, the second half should produce a satisfactory result.

After tax of £148,000 (£138,000) earnings per share moved up from 3.4p to 3.6p. The interim dividend is maintained at 1p.

صكذا من الاصل

## COMMODITIES AND AGRICULTURE

# Gold 'flowing out of Iraq to pay for smuggled imports'

By Kenneth Gooding, Mining Correspondent

GOLD IS almost certainly flowing out of Iraq in payment for smuggled imports, in distress sales by Iraqi nationals and in the dumping of booty from the annexation of Kuwait, according to Mr Andy Smith, precious metals analyst at the UBS Phillips & Drew financial services group.

However, he suggests that the size of Iraq's gold plunder in Kuwait is not as big as some "scare" stories suggest. He puts the total at between 40 tonnes (1.28m troy ounces) and 55 tonnes.

Mr Smith points out that Kuwait's finance minister suggested that less than a quarter of the 79 tonnes in his country's gold reserves were stored in central bank vaults in Kuwait City. This suggests 15 to 20 tonnes were available from that source.

He allocates 10 tonnes as Iraq's haul from the souks (bazaars), which were ransacked on the first day of the invasion. This assumes an average 50 kg of gold was held in stock by each of the 200 or so gold shops.

Private hoards in Kuwait's banks probably yielded a further 10 to 20 tonnes of gold but Mr Smith has not added any metal from the stealing of jewellery from homes. Kuwait's four coin factories had 5 tonnes in stock, he suggests.

Mr Smith says in the latest Phillips & Drew "Precious Metals Outlook" that Iraq has had its conventional import channels cut off by the United Nations embargo so has resorted to less formal sources. "Gold, as an anonymous, stateless asset is a natural currency for smugglers," he adds.

There were reports in September that two groups of Iraqi Kurds had bought thousands of sheep from Kurds on the Iranian side of the border and had "paid in gold provided by the Iraqi central bank." According to the latest available International Monetary Fund data, says Mr Smith, Iraq had 125 tonnes of gold in official reserves in 1977. "How much of this remains after the financial distress of the eight-year Iran-Iraq war is not known, but there may be a little more sheep money."

Meanwhile, distress gold dishoarding by Iraqi citizens to bypass food shortages, for example, is to be expected, according to Mr Smith. One pointer is the experience of Iran in 1979. During an arguably less traumatic domestic turmoil, Iran disgorged 15 tonnes of gold scrap, mostly through Kuwait.

The uprooting of nearly 2m people from Iraq and Kuwait has also almost certainly added to the flow of gold from the Gulf, he points out. Migrant workers from Asia and neighbouring Middle Eastern countries have a famously healthy appetite for gold and their overnight transformation from well-paid employment to refugees will disgorge gold in three ways: through distress selling of less portable items of their gold hoard; robberies by Iraqi troops; and "bribes of passage" to officials at border crossings and airports.

Mr Smith points out: "During the 1980s Vietnamese boat people were said to have paid out an average of nine gold rings each (equivalent to two-thirds of an ounce of gold ) for their tortuous journey. Assume, conservatively, that the 2m or so Gulf refugees each 'lose' a similar amount of gold and this would eventually shake loose some 1.2m ounces or 40 tonnes."

Mr Smith suggests it is reasonable to assume that little gold will flow from the front line states because of the Gulf conflict. Turkey, Jordan and Egypt are eligible for immediate emergency assistance from the US-led Gulf Crisis Financial Co-ordination Group.

Second-line states, such as India, Pakistan and the Philippines, are more likely to mobilise their gold reserves through swaps (sale and forward repurchase) and even outright sales.

# Jewellery and coin sales rising

WORLDWIDE SALES of the five most-successful, legal-tender gold bullion coins have been rising strongly this year and European gold jewellery sales are on course for another record 12-months, according the the World Gold Council, the promotional organisation backed by more than 90 gold producers, writes Kenneth Gooding.

This "confirms the continued growth and health of the gold market," said Mr David Gulley, the council's European investment director, yesterday.

The WGC suggests that the bullion coins – the Canadian Maple Leaf, the US Eagle, the Australian Nugget, the UK Britannia and the Austrian Philharmonic, are on course to sell the equivalent of 2.5m troy ounces of gold this year, up from 2.37m in 1989 and 2.126m in 1988.

At the end of nine months, the coins between them were showing a 25 per cent increase in sales, measured by ounces of gold, compared with the same period last year at 1.838m ounces. The council said there was a surge in sales in August immediately after the Gulf crisis started but demand fell back to normal seasonal levels in September, reflecting easing tension in the Gulf and lower gold prices.

The council also revealed that, despite earlier gloomy predictions, the four important European gold jewellery markets – France, Germany, Italy and the UK – showed a 17 per cent increase in sales in the first nine months: from 4.6m ounces to 5.4m.

"With the expected Christmas peak in sales to come, this suggests 1990 will be the fourth consecutive year of uninterrupted growth for the European jewellery trade," Mr Gulley said.

# 'Mad cow' ban on skull-splitting

THE UK government is to ban splitting of cattle skulls in abattoirs in a further measure to prevent any danger of "mad cow" disease contaminating meat destined for human consumption, writes David Blackwell.

The practice of splitting skulls in order to remove head meat is already contrary to government guidelines.

The new measure was announced yesterday in the Ministry of Agriculture's official response to July's report from a Commons committee on the disease – bovine spongiform encephalopathy, or BSE.

The Government is also planning to ask "a small group of experts" to examine the animal feed industry and "to identify any weaknesses in the present regulatory framework so as to provide full reassurance on the adequacy of controls in this important sector."

BSE, which has killed more than 20,000 cattle, is thought to have been caused by the cattle eating feed containing the remains of sheep infected with scrapie, a similar disease.

The Ministry accepts criticism that a seven-month gap between the completion of the first Tyrrell Committee report into the disease and its publication was too long. But "it seems the government cannot win." Early publication attracts accusations of precipitate action, while delays to seek further advice attract accusations of secrecy, says the Ministry.

# Light at the end of the tunnel for SA coal

**Phillip Gawith** finds miners are taking a sober view on post-sanctions prospects

THE SOUTH African business community is full of speculation over what benefits will flow from a return to normal trade with the rest of the world – now that the end of sanctions is in sight.

Foremost in this is South Africa's coal industry, the country's second largest foreign exchange earner after gold and the world's third largest coal exporter. Exports totalled 47m tonnes, or 12.6 per cent of the world market, in 1989.

The prevailing sentiment in the sector is sober rather than buoyant. While all players agree that lifting sanctions will make them more optimistic, and an expansion of capacity already under way suggests a measure of confidence, few are expecting a big improvement.

The industry was hit hard by sanctions during the mid-1980s, most importantly by the US, France and Denmark which closed their markets in 1986. This affected about 10m tons of South Africa's export volumes which were then about 40m tonnes a year. However, even though these markets were lost, an increase in other markets meant there was no loss of sales.

According to Johannesburg Consolidated Investment, in 1985 about 61 per cent of South Africa's coal exports went to Europe, 19 per cent to Japan and 11 per cent to the rest of Asia. By 1989 these figures had become 45 per cent, 12 per cent and 38 per cent respectively.

Maintenance of the volume exports, however, came at a considerable price. Power utilities around the world, the main purchasers of coal, traditionally seek a diversity of suppliers. The only way South African producers could maintain sales volume was by convincing their remaining consumers to depart from their normal buying patterns, which involved cutting prices.

Rolling stock is inadequate for a big increase in coal shipments

Consequently South African coal has traded at a "political discount" for the last five years. This varies according to the market and the competition, but Mr Mike Salamon, managing director of Trans-Natal Coal, estimates that the discount averages $3 to $5 a tonne and that it costs the local industry about $200m a year.

Sanctions had other effects too. Mr Salamon says that after 1986 a greater proportion of South Africa's coal sales were handled through the spot-market than through term contracts, which suppliers prefer. And the sanctions-hit economy consumed less electricity, and hence less coal.

When sanctions end there are several reasons why South Africa's coal – essentially steam-coal; it had 27 per cent of world seaborne trade in this sector last year – might be considered attractive.

First is quality: its low sulphur and ash content are important environmental considerations. Then there is the matter of diversity of supply. Consumers would be able to spread their risk better and would also stand to benefit from enhanced competition. For South Africa diversification would probably lead to a decline in intra-South African competition in certain markets and hence a gradual erosion of the political discount.

But this will not be a simple process. New producers have emerged which will complicate re-entry to old markets. For example, the geographical advantages that Colombia and Venezuela enjoy in relation to the US market lead some to believe that South Africa will never return there.

There is also the problem of infrastructural constraints. More than 90 per cent of South Africa's coal exports - 43m tonnes in 1989 – go through the Richards Bay coal terminal on the east coast. Currently Richards Bay has a nominal capacity of about 44m tonnes and a R316m (£45m) expenditure programme is under way to refurbish and expand capacity to 53m tons by the mid-1990s.

The major groups are spending about R2bn on capital projects in order to be able to meet their expanded quota requirements through Richards Bay. The most recent announcement of expanded capacity came from Amcoal, which is spending R900m to increase its capacity by 4.3m tonnes.

Until such capacity becomes available any possible volume benefits from the lifting of sanctions will be largely irrelevant as the country simply lacks the capacity to ship more coal. Even then, it will still be another year or two before there is adequate rolling stock to service this increased capacity.

Some believe that bottlenecks are not really a problem. Says Mr Allen Sealey, head of Rand Mines coal division, "Richards Bay is not an issue. This year we will not export to the port's capacity because we can't sell more coal without depressing the price."

Given the price elasticity of coal demand, and the experience of the recent past, South Africa's major producers will clearly be very wary of pushing volume again at the expense of price.

For these reasons Mr Sealey concludes: "It appears South Africa will only participate in growth of the world market to the extent that it currently has a proportion of that market." He does add, though, that the supply position of the Soviet Union and demand needs of eastern Europe constitute major variables whose impact may be significant, but is impossible to predict.

Even if future export prospects are modest, they offer more cheer than does the domestic market. Eskom, the electricity supply utility, is the major consumer of coal, but it has considerable overcapacity and is unlikely to be commissioning any new power stations before the turn of the century. And with the economy now having shown negative real growth for four consecutive quarters, no major increase in industrial consumption can be expected.

# 'Catastrophe' warning as fish talks fail

By Tim Dickson in Brussels

MR MANUEL Marin, the European Community's fisheries commissioner, yesterday warned of "catastrophe" in the North Sea if EC member states fail to agree conservation measures to protect dwindling stocks.

Mr Marin was speaking after Tuesday's meeting of EC fisheries ministers in Brussels had decided to defer discussion of the controversial package until next month. "Clearly its unpopularity in the regions affected has prevented ministers reaching a reasonable deal," he said in a reference to the Brussels proposal to increase the minimum mesh net size for white fish from 90 mm to 120 mm.

Much of the later part of the meeting was taken up with consideration of an Italian presidency paper which suggested a 110 mm mesh size – but according to diplomats the negotiations were quickly bogged down in technical argument.

Tuesday's impasse means that the issue will join the already crowded agenda for the next EC fish council on December 19, when the annual negotiations over catch limits in community waters will come to a head.

Not all the EC's fishing business was left unresolved this week, however, for a compromise set of EC guide prices for 1991 was agreed by a qualified majority of countries. Greece and Spain voted against because they were unhappy about the 10 per cent cut for squid, while the Danes followed suit because they wanted a 2 per cent increase for herring, rather than the 1 per cent reduction in the final proposals.

● Following lobbying from the environmental group Greenpeace and other sources Mr Marin promised yesterday to come forward with a proposal next month which will outlaw the use of drift nets. His personal view, he explained, was that such nets were "detrimental to the policy of conserving resources."

# Elf makes big oil discovery in Nigeria

By William Dawkins in Paris

ELF AQUITAINE, the French state-owned oil group, has made an important oil discovery on the south-east border of Nigeria, according to industry officials.

The discovery, at a well operated by Elf Aquitaine in partnership with the Nigerian National Petroleum Corporation, is now producing about 3,000 barrels a day of good quality light crude, suitable for refining into light products like petrol and aviation fuel.

This compares with the 1,000 b/d average for Elf Aquitaine wells and the French group's overall production of 315m barrels a year.

The size of the reserves there is unknown. The French company is unable to provide any details or make any comment on production prospects until the discovery has been cleared through the Nigerian authorities.

# Malaysian palm oil price boosted by output fall

MALAYSIAN CRUDE palm oil prices climbed above M$800 (£150) a tonne this week following news of a sharp fall in production last month, writes Lim Siong Hoon in Kuala Lumpur.

Output fell by 10 per cent from 635,000 tonnes in September to just below 573,000 tonnes in October, according to preliminary figures from the Palm Oil Registration and Licensing Board (Porla). End-October stocks remained comparatively high, however, at 901,000 tonnes, down 4 per cent from a month earlier but were still 5 per cent above the end-August level of 860,000 tonnes.

At the Kuala Lumpur Commodity Exchange, the crude palm oil December futures price reached M$829 a tonne on Monday, the highest so far this year. It has slipped back since but remains above $800. Last year near month prices averaged M$822 a tonne.

Kuala Lumpur prices have gained 15 per cent since late last month, and more than 20 per cent in the past eight weeks, partly reflecting increased demand from Egyptian buyers.

Malaysia exports almost of all its production – 6.1m tonnes last year, with 1.1m tonnes in end-year stocks.

The end-October figure brings output in the 10 months so far to 5.2m tonnes and so appears likely to confirm early forecast that production growth – 20 per cent in 1989 – would slow sharply this year, to about 3 per cent this year, taking the total to 6.3m tonnes.

## WORLD COMMODITIES PRICES

### MARKET REPORT

Cocoa prices continued their recent rise in London yesterday, although closing off the day's highs. The market showed a steady undertone, traders said. But in New York at midday prices were lower after failing to break through technical resistance. Commission house analysts said March's inability to punch through $1,380 a tonne inspired strong trade selling. The markets are not expecting any political disturbance as a result of Ivory Coast parliamentary elections this weekend. On the LME aluminium prices edged ahead, but overall business was slow reflecting holidays in Germany yesterday, the US today and Japan tomorrow, all major metal trading areas. The holiday situation also affected business in the copper market where prices were in retreat. Tin closed at the day's lows. In Chicago soyabeans were holding modest gains at midday after Tuesday's steep losses. A US Census Bureau report showed stocks of soyabeans, meal and oil were less than expected or near the low end of trade forecasts. As of October 31 there were 130.1m bushels of soyabeans, 1.22bn lbs of soyoil and 302,500 tonnes of soyameal.

Compiled from Reuters

### London Markets

| SPOT MARKETS | | |
|---|---|---|
| Crude oil (per barrel FOB) | | + or - |
| Dubai | $26.35-5.50v | +.775 |
| Brent Blend (dated) | $30.625-0.725 | +.775 |
| Brent Blend (January) | $29.30-9.35 | +.725 |
| W.T.I. (1 pm est) | $29.90-9.95v | +0.60 |
| Oil products (NWE prompt delivery per tonne CIF) | | + or - |
| Premium Gasoline | $286-291 | +5½ |
| Gas Oil | $290-291 | +1½ |
| Heavy Fuel Oil | $133-135 | +2 |
| Naphtha | $296-300 | +12½ |
| *Petroleum Argus Estimates* | | |
| Other | | + or - |
| Gold (per troy oz)♣ | $378.50 | +0.50 |
| Silver (per troy oz)♣ | 412c | +1 |
| Platinum (per troy oz) | $413.85 | -4.65 |
| Palladium (per troy oz) | $93 | |
| Aluminium (free market) | $1565 | +15 |
| Copper (US Producer) | 124c | |
| Lead (US Producer) | 50c | |
| Nickel (free market) | 405c | +8 |
| Tin (Kuala Lumpur market) | 16.14r | -0.06 |
| Tin (New York) | 287c | |
| Zinc (US Prime Western) | 70c | |
| Cattle (live weight)† | 102.66p | -0.92* |
| Sheep (dead weight)† | 141.59p | +3.38* |
| Pigs (live weight)† | 71.63p | -5.19* |
| London daily sugar (raw) | $251.8w | -2.0 |
| London daily sugar (white) | $300.6w | -2.0 |
| Tate and Lyle export price | £236 | -1 |
| Barley (English feed) | £116 | |
| Maize (US No. 3 yellow) | £162.5 | |
| Wheat (US Dark Northern) | £81u | |
| Rubber (Dec)♥ | 51.00p | |
| Rubber (Jan)♥ | 51.25p | |
| Rubber (KL RSS No 1 Dec) | 244.5m | |
| Coconut oil (Philippines)§ | $335q | -10 |
| Palm Oil (Malaysian)§ | $335.0u | -2.5 |
| Copra (Philippines)§ | $245t | |
| Soyabeans (US) | £132 | -8 |
| Cotton "A" index | 82.50c | -0.10 |
| Wooltops (64s Super) | 388p | |

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Dec. t-Feb. u-Dec v-Jan. w-Dec/Jan z-Feb/Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

| SUGAR – London FOX | | | ($ per tonne) | |
|---|---|---|---|---|
| Raw | Close | Previous | High/Low | |
| Dec | 223.60 | 224.00 | 218.20 | 215.60 |
| Mar | 219.00 | 216.60 | 222.60 | 214.20 |
| May | 219.40 | 218.20 | 222.80 | 216.00 |
| Aug | 222.20 | 221.00 | 224.00 | 219.40 |
| Oct | 222.00 | 219.20 | 223.00 | 217.40 |
| Dec | 223.00 | 221.00 | 216.00 | |
| Mar | 223.00 | 223.00 | 221.00 | |
| White | Close | Previous | High/Low | |
| Mar | 300.0 | 296.0 | 302.0 | 294.5 |
| May | 300.3 | 296.0 | 301.0 | 295.0 |
| Aug | 304.8 | 300.2 | 305.5 | 299.5 |
| Oct | 287.5 | 284.0 | 286.0 | |
| Dec | 284.0 | 280.5 | 279.0 | |
| Mar | 285.0 | 281.0 | 281.0 | 280.0 |
| May | 287.0 | 282.0 | 282.5 | 281.0 |

Turnover: Raw2637 (1649) lots of 50 tonnes. White 856 (710)
Paris- White (FFr per tonne): Mar 1508, May 1516, Aug 1545, Oct 1459.

| CRUDE OIL – IPE | | | $/barrel | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Jan | 29.20 | 28.33 | 29.35 | 28.65 |
| Feb | 28.10 | 27.48 | 28.30 | 27.65 |
| Mar | 27.05 | 26.50 | 27.10 | 26.90 |
| Apr | 26.08 | | 26.08 | |
| IPE Index | 28.73 | 28.65 | | |

Turnover: 11635 (18736)

| GAS OIL – IPE | | | $/tonne | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Dec | 274.00 | 272.50 | 276.00 | 270.25 |
| Jan | 262.50 | 262.50 | 264.50 | 260.00 |
| Feb | 248.50 | 249.25 | 251.00 | 248.00 |
| Mar | 233.00 | 233.00 | 236.00 | 233.00 |
| Apr | 221.25 | 220.50 | 222.50 | 220.00 |
| May | 218.00 | 218.00 | 217.00 | |
| Jun | 216.00 | | 218.00 | 216.00 |
| Jul | 214.50 | | 217.00 | |

Turnover 7653 (7143) lots of 100 tonnes

**WOOL**
An Australian wool mission led by the Primary Industries Minister Mr John Kerin has started its tour of major consuming countries. Central is the visit to Soviet Russia where payments problems have led to complete absence from the market for much of this year, in turn a major reason for the world wool crisis. Credit arrangements are planned to enable more normal purchases to be resumed. The wool market meanwhile is static, with trade demand still failing to match auction supply. Some hopes this week have developed following price steadiness in the British sector, following a large price reduction at the end of October.

| COCOA – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 707 | 701 | 715 | 700 |
| Mar | 756 | 750 | 765 | 749 |
| May | 782 | 774 | 790 | 780 |
| Jul | 804 | 795 | 813 | 803 |
| Sep | 825 | 815 | 832 | 823 |
| Dec | 845 | 841 | 855 | 846 |
| Mar | 868 | 866 | 880 | 870 |

Turnover: 9122 (11154) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 20 990.52 (991.90) 10 day average for Nov 21 919.77 (908.07)

| COFFEE – London FOX | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 565 | 562 | 567 | 561 |
| Jan | 577 | 575 | 580 | 573 |
| Mar | 560 | 557 | 563 | 555 |
| May | 566 | 561 | 567 | 561 |
| Jul | 581 | 577 | 581 | 578 |
| Sep | 597 | 593 | 597 | 594 |
| Nov | 614 | 610 | 612 | |

Turnover: 1661 (3109) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 20: Comp. daily 69.42 (69.80). 15 day average 69.96 (70.20)

| POTATOES – BFE | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 90.0 | | 90.0 | |
| Apr | 147.2 | 147.8 | 148.1 | 146.5 |
| May | 166.5 | 167.7 | 165.0 | |

Turnover 31 (115) lots of 40 tonnes.

| SOYAMEAL – HI-PRO | | | £/tonne | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Apr | 117.50 | 117.50 | 117.50 | |
| Jun | 118.00 | 118.00 | 118.00 | 117.50 |
| Oct | 121.00 | 119.50 | 121.00 | |

Turnover 205 (202) lots of 20 tonnes.

| FREIGHT FUTURES – BFE | | | $10/index point | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 1326 | 1330 | | |
| Dec | 1314 | 1323 | 1325 | 1315 |
| Jan | 1283 | 1284 | 1295 | 1283 |
| Apr | 1250 | 1245 | 1255 | 1245 |
| Jul | 1035 | 1035 | | |
| BFI | 1306 | 1305 | | |

Turnover 310 (122)

| GRAINS – BFE | | | £/tonne | |
|---|---|---|---|---|
| Wheat | Close | Previous | High/Low | |
| Nov | 117.35 | 116.80 | | |
| Jan | 119.90 | 119.65 | 19.90 | 19.60 |
| Mar | 123.70 | 123.50 | 23.70 | 23.50 |
| May | 127.00 | 126.80 | 27.00 | 26.95 |
| Barley | Close | Previous | High/Low | |
| Nov | 113.85 | 113.00 | 113.65 | 113.25 |
| Jan | 116.75 | 116.00 | 116.75 | 116.25 |
| Mar | 120.15 | 119.40 | 120.15 | 119.50 |
| May | 121.15 | | 121.00 | |

Turnover: Wheat 265 (396), Barley 178 (99).
Turnover lots of 100 tonnes.

| PIGS – BFE | | | (Cash Settlement) p/kg | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 96.2 | 95.5 | 94.5 | |
| Mar | 93.5 | | 93.5 | |
| May | 96.0 | | 96.0 | |
| Jun | 95.8 | | 96.0 | |
| Jul | 95.0 | | 95.0 | |
| Aug | 95.0 | | 95.0 | |

Turnover 74 (22) lots of 3,250 kg

| LONDON METAL EXCHANGE | | | | | (Prices supplied by Amalgamated Metal Trading) | |
|---|---|---|---|---|---|---|
| | Close | Previous | High/Low | AM Official | Kerb close | Open Interest |
| Aluminium, 99.7% purity ($ per tonne) | | | | | Total daily turnover 18,206 lots | |
| Cash | 1590-2 | 1570-5 | 1582/1581 | 1581-2 | | |
| 3 months | 1620-1 | 1608-10 | 1622/1608 | 1613-4 | 1616-7 | 60,938 lots |
| Copper, Grade A (£ per tonne) | | | | | Total daily turnover 14,251 lots | |
| Cash | 1310-2 | 1329-30 | 1321/1312 | 1319.5-0.5 | | |
| 3 months | 1310-1 | 1322-3 | 1324/1310 | 1320-1 | 1312-3 | 104,743 lots |
| Lead (£ per tonne) | | | | | Total daily turnover 1,205 lots | |
| Cash | 349-51 | 351-2 | 351/349.5 | 349-9.5 | | |
| 3 months | 355-6 | 357-8 | 356/355 | 355-5.5 | 355-6 | 10,599 lots |
| Nickel ($ per tonne) | | | | | Total daily turnover 1,277 lots | |
| Cash | 8575-625 | 8475-525 | 8730/8730 | 8725-30 | | |
| 3 months | 8360-75 | 8250-75 | 8480/8350 | 8475-80 | 8375-400 | 7,421 lots |
| Tin ($ per tonne) | | | | | Total daily turnover 1,730 lots | |
| Cash | 6170-80 | 6195-205 | 6180/6180 | 6180-5 | | |
| 3 months | 6170-80 | 6200-5 | 6190/6170 | 6185-90 | 6160-70 | 8,892 lots |
| Zinc, Special High Grade ($ per tonne) | | | | | Total daily turnover 4,624 lots | |
| Cash | 1275-80 | 1288-90 | 1268 | 1268-9 | | |
| 3 months | 1267-70 | 1272-5 | 1275/1261 | 1264-6 | 1268-70 | 19,536 lots |

LME Closing £/$ rate:
SPOT: 1.9602 3 months: 1.9336 6 months: 1.9149 9 months: 1.8963

| LONDON BULLION MARKET | | |
|---|---|---|
| Gold (fine oz) | $ price | £ equivalent |
| Close | 378¼-378¾ | 192-192½ |
| Opening | 377¼-377¾ | 191¾-192¼ |
| Morning fix | 377.35 | 191.675 |
| Afternoon fix | 377.30 | 191.377 |
| Day's high | 378½-379 | |
| Day's low | 376¼-376¾ | |

| Coins | $ price | £ equivalent |
|---|---|---|
| Mapleleaf | 387-392 | 196-199 |
| Britannia | 387-392 | 196-199 |
| US Eagle | 387-392 | 196-199 |
| Angel | 387-392 | 196-199 |
| Krugerrand | 377-380 | 191½-193½ |
| New Sov. | 89-91 | 45-46½ |
| Old Sov. | 89-91 | 45-46½ |
| Noble Plat | 419.20-425.90 | 213.15-216.60 |

| Silver fix | p/fine oz | US cts equiv |
|---|---|---|
| Spot | 208.70 | 411.00 |
| 3 months | 215.80 | 419.15 |
| 6 months | 221.85 | 426.80 |
| 12 months | 234.30 | 442.85 |

| TRADED OPTIONS | | | | |
|---|---|---|---|---|
| Coffee | Jan | Mar | Jan | Mar |
| 500 | 78 | 88 | 1 | 9 |
| 550 | 38 | 36 | 8 | 27 |
| 600 | 11 | 17 | 34 | 58 |
| Cocoa | Dec | Mar | Dec | Mar |
| 650 | 57 | | | |
| 700 | 10 | 81 | 3 | 25 |
| 750 | | 52 | 43 | 46 |
| Brent Crude | Jan | Feb | Jan | Feb |
| 2800 | 165 | 280 | | |
| 2950 | | | | |
| 3000 | 120 | 205 | | |

### New York

| GOLD 100 troy oz.; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 378.9 | 377.6 | 0 | 0 |
| Dec | 379.8 | 378.5 | 381.5 | 376.7 |
| Jan | 381.6 | 380.4 | 0 | 0 |
| Feb | 382.9 | 381.7 | 384.5 | 379.9 |
| Apr | 386.0 | 385.0 | 387.7 | 383.5 |
| Jun | 389.3 | 388.6 | 391.0 | 386.9 |
| Aug | 392.4 | 391.9 | 392.3 | 392.3 |
| Oct | 395.7 | 395.3 | 0 | 0 |
| Dec | 399.0 | 398.8 | 398.3 | 398.0 |

| PLATINUM 50 troy oz; $/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 416.0 | 415.2 | 416.0 | 412.0 |
| Apr | 419.8 | 419.2 | 420.0 | 416.0 |
| Jul | 423.8 | 423.0 | 421.5 | 421.5 |
| Oct | 427.8 | 427.2 | 426.0 | 425.0 |

| SILVER 5,000 troy oz; cents/troy oz. | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 412.0 | 410.2 | 412.0 | 412.0 |
| Dec | 412.5 | 411.0 | 415.0 | 409.0 |
| Jan | 414.5 | 413.0 | 414.5 | 414.5 |
| Mar | 421.1 | 419.6 | 423.9 | 417.6 |
| May | 426.9 | 425.5 | 429.5 | 424.0 |
| Jul | 432.7 | 431.3 | 435.0 | 430.0 |
| Sep | 438.4 | 437.1 | 440.0 | 436.5 |
| Dec | 446.6 | 445.4 | 451.0 | 443.5 |
| Jan | 448.8 | 447.6 | 0 | 0 |
| Mar | 455.3 | 454.1 | 458.0 | 453.0 |

| HIGH GRADE COPPER 25,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 117.95 | 119.05 | 118.90 | 117.50 |
| Dec | 115.10 | 116.45 | 116.40 | 114.80 |
| Jan | 113.90 | 115.05 | 114.20 | 113.80 |
| Mar | 110.80 | 111.75 | 111.85 | 110.50 |
| Apr | 109.80 | 110.55 | 110.30 | 110.10 |
| May | 108.30 | 109.00 | 109.20 | 108.20 |
| Jun | 107.25 | 107.80 | 108.10 | 108.10 |
| Jul | 106.60 | 107.00 | 107.15 | 107.15 |
| Aug | 105.70 | 106.00 | 0 | 0 |
| Sep | 104.90 | 105.10 | 104.90 | 104.90 |

| CRUDE OIL (Light) 42,000 US galls $/barrel | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Jan | 29.86 | 28.91 | 30.20 | 29.50 |
| Feb | 29.00 | 28.27 | 29.37 | 28.75 |
| Mar | 28.25 | 27.48 | 28.45 | 27.80 |
| Apr | 27.45 | 26.71 | 27.70 | 27.05 |
| May | 26.72 | 25.96 | 26.75 | 26.25 |
| Jun | 26.10 | 25.36 | 26.10 | 25.75 |
| Jul | 25.60 | 24.88 | 25.70 | 25.10 |
| Aug | 25.20 | 24.50 | 25.20 | 24.70 |
| Sep | 24.75 | 24.17 | 24.85 | 24.30 |
| Oct | 24.55 | 23.89 | 24.55 | 24.20 |

| HEATING OIL 42,000 US galls, cents/US galls | | | | |
|---|---|---|---|---|
| | Latest | Previous | High/Low | |
| Dec | 8580 | 8445 | 8685 | 8560 |
| Jan | 8520 | 8387 | 8595 | 8480 |
| Feb | 8230 | 8112 | 8285 | 8200 |
| Mar | 7800 | 7697 | 7845 | 7770 |
| Apr | 7420 | 7297 | 7420 | 7390 |
| May | 7135 | 7012 | 7135 | 7130 |
| Jun | 6960 | 6827 | 6980 | 6925 |
| Jul | 6869 | 6722 | 6870 | 6850 |

| COCOA 10 tonnes;$/tonnes | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 1313 | 1308 | 1325 | 1280 |
| Mar | 1367 | 1357 | 1378 | 1335 |
| May | 1403 | 1392 | 1412 | 1370 |
| Jul | 1438 | 1429 | 1451 | 1410 |
| Sep | 1473 | 1464 | 1487 | 1467 |
| Dec | 1507 | 1498 | 1505 | 1493 |
| Mar | 1542 | 1533 | 1535 | 1530 |

| COFFEE "C" 37,500lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 82.15 | 82.70 | 83.60 | 82.10 |
| Mar | 85.70 | 86.40 | 87.20 | 85.60 |
| May | 88.10 | 88.85 | 89.50 | 87.90 |
| Jul | 90.45 | 91.10 | 91.90 | 90.30 |
| Sep | 92.60 | 93.20 | 94.00 | 92.90 |
| Dec | 95.50 | 196.05 | 97.00 | 95.50 |
| Mar | 98.00 | 97.75 | 99.00 | 98.00 |

| SUGAR WORLD "11" 112,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Mar | 9.83 | 9.77 | 10.03 | 9.60 |
| May | 9.84 | 9.79 | 9.99 | 9.65 |
| Jul | 9.83 | 9.82 | 10.00 | 9.65 |
| Oct | 9.81 | 9.81 | 10.01 | 9.65 |
| Mar | 9.89 | 9.90 | 9.89 | 9.89 |

| COTTON 50,000; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 75.43 | 74.50 | 76.10 | 74.66 |
| Mar | 73.78 | 73.26 | 73.94 | 72.95 |
| May | 73.80 | 73.48 | 73.90 | 73.20 |
| Jul | 74.01 | 73.82 | 74.25 | 73.65 |
| Oct | 67.75 | 67.70 | 67.90 | 67.50 |
| Dec | 65.32 | 65.37 | 65.50 | 65.25 |
| Mar | 66.02 | 66.05 | 66.05 | 66.05 |

| ORANGE JUICE 15,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Jan | 113.60 | 113.10 | 113.70 | 111.60 |
| Mar | 114.75 | 114.10 | 114.80 | 113.00 |
| May | 115.20 | 114.70 | 115.70 | 114.50 |
| Jul | 115.20 | 114.70 | 114.70 | 114.70 |
| Sep | 115.20 | 114.70 | 0 | 0 |

| INDICES | | | | |
|---|---|---|---|---|
| REUTERS (Base: September 18 1931 = 100) | | | | |
| | Nov 21 | Nov 20 | mnth ago | yr ago |
| | 1700.6 | 1708.4 | 1730.3 | 1837.0 |
| DOW JONES (Base: Dec. 31 1974 = 100) | | | | |
| | Nov 20 | Nov 19 | mnth ago | yr ago |
| Spot | 122.51 | 123.47 | 127.12 | 129.67 |
| Futures | 124.35 | 125.81 | 128.82 | 131.39 |

### Chicago

| SOYABEANS 5,000 bu min; cents/60lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Nov | 606/6 | 604/0 | 610/0 | 604/4 |
| Jan | 577/2 | 568/2 | 579/6 | 570/2 |
| Mar | 591/4 | 582/4 | 594/0 | 584/4 |
| May | 604/2 | 596/2 | 607/2 | 598/4 |
| Jul | 615/4 | 608/2 | 618/6 | 610/0 |
| Aug | 617/0 | 610/6 | 620/4 | 613/4 |
| Sep | 608/0 | 605/0 | 610/0 | 606/0 |
| Jan | 617/0 | 615/4 | 0 | 0 |

| SOYABEAN OIL 60,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 20.21 | 19.85 | 20.22 | 19.87 |
| Jan | 20.45 | 20.13 | 20.48 | 20.25 |
| Mar | 20.83 | 20.54 | 20.84 | 20.65 |
| May | 21.21 | 20.95 | 21.22 | 21.07 |
| Jul | 21.45 | 21.25 | 21.50 | 21.35 |
| Aug | 21.42 | 21.28 | 21.46 | 21.40 |
| Sep | 21.45 | 21.37 | 21.55 | 21.45 |
| Oct | 21.55 | 21.45 | 21.55 | 21.50 |

| SOYABEAN MEAL 100 tons; $/ton | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 174.5 | 171.9 | 176.0 | 172.3 |
| Jan | 176.9 | 174.6 | 178.5 | 174.7 |
| Mar | 180.3 | 177.9 | 181.8 | 178.3 |
| May | 182.5 | 180.2 | 183.7 | 180.6 |
| Jul | 185.2 | 183.5 | 186.5 | 183.8 |
| Aug | 186.0 | 184.7 | 187.8 | 185.5 |
| Sep | 185.0 | 183.5 | 186.0 | 185.0 |
| Oct | 182.4 | 181.5 | 183.5 | 182.0 |

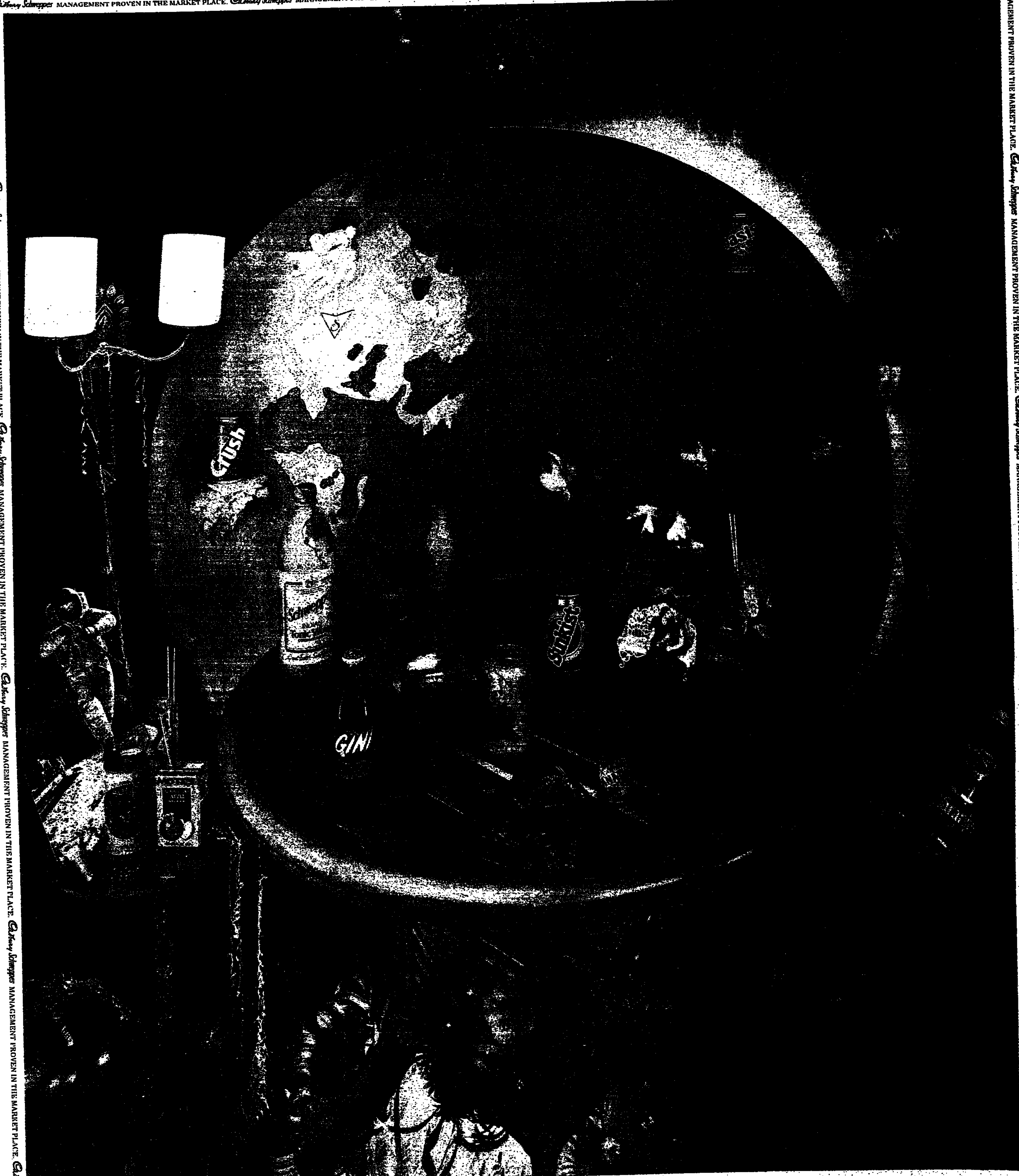
| MAIZE 5,000 bu min; cents/56lb bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 220/4 | 221/6 | 224/0 | 219/6 |
| Mar | 230/6 | 232/2 | 234/6 | 230/4 |
| May | 239/0 | 240/0 | 242/6 | 238/4 |
| Jul | 245/6 | 246/2 | 249/2 | 245/4 |
| Sep | 247/0 | 247/2 | 249/6 | 247/0 |
| Dec | 248/4 | 248/6 | 251/0 | 247/6 |
| Mar | 254/4 | 254/4 | 257/0 | 254/4 |

| WHEAT 5,000 bu min; cents/60lb-bushel | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 249/0 | 245/2 | 249/2 | 244/4 |
| Mar | 265/0 | 260/2 | 265/4 | 259/0 |
| May | 274/2 | 268/4 | 274/6 | 268/0 |
| Jul | 280/4 | 276/0 | 281/2 | 275/4 |
| Sep | 286/0 | 281/4 | 286/4 | 281/4 |
| Dec | 297/4 | 294/0 | 297/4 | 293/0 |

| LIVE CATTLE 40,000 lbs; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 79.15 | 0 | 79.35 | 79.12 |
| Feb | 76.00 | 75.85 | 76.15 | 75.75 |
| Apr | 75.80 | 75.85 | 76.12 | 75.75 |
| Jun | 73.72 | 73.80 | 74.00 | 73.65 |
| Aug | 72.12 | 72.17 | 72.40 | 72.12 |
| Oct | 72.25 | 72.22 | 72.45 | 72.25 |
| Dec | 72.90 | 73.05 | 73.10 | 72.90 |

| LIVE HOGS 30,000 lb; cents/lbs | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Dec | 53.65 | 53.10 | 53.75 | 53.15 |
| Feb | 51.72 | 51.22 | 51.80 | 51.30 |
| Apr | 48.62 | 48.50 | 48.75 | 48.35 |
| Jun | 52.65 | 52.47 | 52.75 | 52.40 |
| Jul | 52.95 | 52.75 | 52.95 | 52.50 |
| Aug | 51.15 | 50.87 | 51.15 | 50.70 |
| Oct | 45.80 | 45.80 | 0 | 45.77 |
| Dec | 45.80 | 45.80 | 0 | 45.70 |

| PORK BELLIES 40,000 lbs; cents/lb | | | | |
|---|---|---|---|---|
| | Close | Previous | High/Low | |
| Feb | 71.65 | 70.20 | 71.90 | 69.70 |
| Mar | 71.45 | 70.00 | 71.60 | 69.60 |
| May | 71.72 | 70.55 | 71.80 | 70.00 |
| Jul | 70.70 | 69.70 | 70.90 | 69.50 |
| Aug | 68.30 | 66.90 | 68.80 | 67.60 |



# Soft drinks all round.

And the toast is, Cadbury Schweppes. Because we've grown to become one of the largest soft drinks manufacturers in the world. It's an achievement we think that's worth celebrating.

Realising the potential in this fast growing market, we began to concentrate our efforts on three main areas.

The first was to make the most of our existing brands. Using the Schweppes brand name to launch new drinks onto the market. And turning the growing demand for adult soft drinks into an opportunity to show that a Schweppes tonic is as good with just the ice and the slice, as with the gin.

The second was to lower the production costs. To achieve this, we've been investing in our bottling network.

And Coca-Cola & Schweppes Beverages Ltd. in Great Britain, by increasing capacity and thereby reducing the unit cost, has proved an excellent solution in this market.

The third was to build a portfolio of soft drinks wide enough to cater for all tastes. We've achieved this in two ways. First, by acquiring new brands such as Crush, Canada Dry and Oasis. And second, by creating new brands by combining unexpected flavours. Ginger ale with raspberry or cherry for instance (well, we did say all tastes).

As a result of our efforts in these areas we've now become the world market leader in adult soft drinks, as well as the European market leader in the still fruit drinks sector.

By turning soft drinks into hard currency, we've seen the trading profit of our beverages sector grow from £89.3 million in 1987 to £147.4 million in 1989.

All of which is evidence of the vision and success of Cadbury Schweppes' management, and cause to pop a few corks, or in our case, uncork a few pops.

Cadbury Schweppes

MANAGEMENT PROVEN IN THE MARKET PLACE

MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE. Cadbury Schweppes MANAGEMENT PROVEN IN THE MARKET PLACE.

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## LONDON STOCK EXCHANGE

# Equities unshaken by political events

THE UK stock market took its response to the political turmoil following the indecisive leadership elections in the British Conservative party from the relatively steady response from sterling, and share prices turned in another firm performance yesterday. A session constantly attuned to the latest hints of developments on the battle for the Conservative party leadership closed well below the best of the day but nevertheless avoided showing any great sign of concern.

Mrs Thatcher's stated determination to continue her fight to remain as leader implies a further period of uncertainty ranging well into next week. However, relative firmness in sterling helped the market and supported hopes in the equity market that domestic interest rates can be cut again soon,

| Account Dealing Dates | | |
|---|---|---|
| *First Dealings: | | |
| Nov 5 | Nov 19 | Dec 10 |
| Option Declarations: | | |
| Nov 15 | Dec 6 | Dec 27 |
| Last Dealings: | | |
| Nov 16 | Dec 7 | Dec 28 |
| Account Day: | | |
| Nov 26 | Dec 17 | Jan 7 |

*New-time dealings may take place from 8.30 am two business days earlier.

perhaps even before Christmas. The pricing for the £5.2bn privatisation of Britain's electricity distribution companies proceeded as expected yesterday; the market noted that even a third Conservative leadership ballot, should it prove necessary, would be out of the way before the final date for the electricity issue applications on December 5.

"The apparent political ambivalence, which continued yesterday, is quite remarkable; but it reflects to a large extent a shortage of stock in the market," commented Mr Paul Harrison of Salomon International.

Equities opened lower and showed a fall of 12.5 on the FT-SE scale in early trading. However, as the pound steadied and the FT-SE 2,100 level proved firm, the market turned higher. Modest, and very selective, demand from institutions again sent market makers hurrying to buy stock rather than let positions run over the three week trading account, and share prices rose smartly. But the advance ran out of steam at FT-SE 2,141.6 in the absence of firm developments on the UK political front as well as a fall of 11 Dow points on Wall Street during London hours.

The final reading showed the FT-SE Index at 2,126.3, a net gain of 11.1 on the day. Seaq volume of 444.5m shares compared with 518.9m in the previous session.

In addition to hopes for another early cut in domestic interest rates, whatever the outcome of the Conservative Party leadership contest, the stock market appeared to be taking a slightly brighter view of the corporate outlook for British companies. Composite insurers were better yesterday, *as the market* responded to trading results from BAT Industries, which included the fortunes of the Eagle Star insurance subsidiary.

A leading US securities house took the view that results from the insurance area "can only get better" and shares in BAT closed higher after staging a successful rally from the sharp fall which initially greeted the trading figures. Other insurers to move up on the back of selective support from institutions included General Accident and Royal.

Opinions were more divided on the first half result from Cable and Wireless, but this share price is also responsive to views on the likely contents of the UK government Green Paper on plans to open competition in British telecommunications, due in January.

*Confirmation that Guinness* is to buy, for £533m, Cruz del Campo, Spain's largest brewer, found a somewhat cool reception, although it will take the UK brewing group close to the top of the list of European brewers in terms of operating profits. Some UK analysts suggested that Guinness might have paid too much by comparison with similar deals in the UK brewing industry.

## FINANCIAL TIMES STOCK INDICES

| | Nov 21 | Nov 20 | Nov 19 | Nov 16 | Nov 15 | Year Ago | 1990 High | 1990 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Government Secs | 81.30 | 81.10 | 80.85 | 80.45 | 80.19 | 83.68 | 84.20 (2/1) | 74.13 (30/4) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Interest | 88.46 | 87.27 | 88.48 | 88.45 | 88.40 | 93.17 | 92.91 (8/1) | 83.80 (30/4) | 105.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary Share | 1676.0 | 1667.1 | 1648.0 | 1614.8 | 1599.6 | 1734.4 | 1968.3 (3/1) | 1510.4 (24/9) | 2008.6 (5/9/89) | 49.4 (26/6/40) |
| Gold Mines | 158.2 | 155.7 | 155.0 | 157.4 | 156.1 | 290.6 | 378.6 (6/2) | 155.0 (19/11) | 734.7 (15/2/83) | 43.5 (26/10/71) |
| FT-SE 100 Share | 2126.3 | 2115.2 | 2095.9 | 2066.0 | 2060.0 | 2192.3 | 2463.7 (3/1) | 1990.2 (28/9) | 2463.7 (3/1/90) | 986.9 (23/7/84) |
| FT-SE Eurotrack 100 | 972.47♠ | 974.19 | 972.67 | 958.01 | 956.18 | - | 1000.00 (26/10) | 948.81 (8/11) | 1000.00 (26/10/90) | 948.81 (8/11/90) |
| Ord. Div. Yield | 5.76 | 5.76 | 5.85 | 5.96 | 6.01 | 4.81 | | | | |
| Earning Yld %(full) | 12.06 | 12.03 | 12.22 | 12.44 | 12.54 | 11.54 | | | | |
| P/E Ratio(Net)(☆) | 10.04 | 10.06 | 9.91 | 9.73 | 9.65 | 10.46 | | | | |
| SEAQ Bargns 4.45pm | 24,126 | 24,405 | 22,389 | 24,265 | 20,854 | 20,977 | | | | |
| *Equity Turnover(£m)†* | - | 863.96 | 899.11 | 887.00 | 720.00 | 890.03 | | | | |
| Equity Bargains† | - | 23,623 | 20,482 | 23,160 | 19,753 | 20,928 | | | | |
| Shares Traded (ml)† | - | 430.0 | 330.5 | 380.3 | 377.2 | 282.5 | | | | |

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/10/90. ☆ Nil 9.87 ♠Indicative.

Ordinary Share Index, Hourly changes Day's High 1690.2 Day's Low 1650.0

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 1650.0 | 1666.6 | 1675.2 | 1687.6 | 1686.0 | 1683.8 | 1686.2 | 1684.0 | 1676.5 |

FT-SE, Hourly changes Day's High 2141.6 Day's Low 2102.7

| Open | 9 am | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm | 4 pm |
|---|---|---|---|---|---|---|---|---|
| 2102.7 | 2111.3 | 2121.2 | 2139.1 | 2138.3 | 2136.3 | 2139.9 | 2136.7 | 2126.6 |

FT-SE Eurotrack 100, hourly changes♠ Day's High 973.66 Day's Low 967.75

| Open | 10 am | 11 am | 12 pm | 1 pm | 2 pm | 3 pm |
|---|---|---|---|---|---|---|
| 968.19 | 967.82 | 970.22 | 971.86 | 971.92 | 973.02 | 972.82 |

### GILT EDGED ACTIVITY

| Indices* | Nov 20 | Nov 19 |
|---|---|---|
| Gilt Edged Bargains | 145.7 | 62.8 |
| 5-Day average | 109.0 | 104.6 |

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

# Sharp swings in RHM

Ranks Hovis McDougall, the bakeries and foods group in which Sir James Goldsmith's Sunningdale consortium holds a 27.1 per cent stake, fell sharply after announcing an unexpectedly large decline in full year profits.

The shares initially dropped 29 to 255p after profits of £133.2m were reported, compared with £176.5m last time and market forecasts of £165m this time. Earnings were depressed by the cost of restructuring, lower property profits and slower sales growth in the UK.

But the gloom began to lift after the company told analysts that the benefits from restructuring would be recouped in just two years. The shares pared most of their early losses, eventually closing 4 lower at 279p.

The prospect of profits recovering to around £155m-160m this year should allow dividends to increase and stop any further decline in the share price relative to the market, analysts said. But the possibility that Sunningdale may try to sell its stake or that RHM will expand into Europe could hamper any recovery.

### Beer expansion

The Guinness acquisition of the Cruz del Campo group, Spain's largest brewer, found the market in reflective mood. Although the deal will not dilute earnings, some analysts expressed concern over the price of £518m at a time when beer consumption in Spain is reportedly turning down.

Mr John Wakeley of US-based investment house Lehman Brothers argued that the premium rating accorded Guinness could now be questioned because of its increased exposure to beer. At the close of business, Guinness shares were unmoved at 748p.

Half-yearly profits from Whitbread showed the expected increase, but the company injected an element of caution about current trading, and the "A" shares lost 6 to 425p.

In the general upsurge of the market, BAT Industries managed to overcome an early decline that followed the company's announcement of lower-than-expected results. Although losses had been expected due to the difficult climate for Eagle Star, the drop in pretax profits in the third term from £404m to £41m was well below analysts' expectations.

The market initially greeted the disappointing results by taking BAT's share price down 12 to 545p. However, efforts by the company to reassure investors of an attractive dividend of 31.4p guaranteed for the year paid off, taking the share price up 9 to 566p during the day.

Investors were convinced by the company's explanation that aside from Eagle Star, and ignoring the exchange debit, BAT's other businesses were still fairly resilient. If Eagle Star were taken out of the picture, trading profit in continuing operations for the nine months show growth of 8 per cent compared with a reported 34.5 per cent decline, said Mr Charles Pick at Nomura Securities. "The market has been through this before" with Eagle Star, Mr Pick pointed out, and it knows that the final outcome at the end of the year could turn out to be less dismal than predicted. BAT closed the day up 4 at 561p.

Among other internationals, BTR added 7 to 319p. While the performance of BTR has not been particularly exceptional of late, the issue has benefitted from its easily tradeable size and participated fully in the recent market rise. The profits outlook for the group looks fairly neutral but the share price stands to benefit from continued buoyancy in the market.

A sluggish performance in New York put a damper on Reuters which suffered a drop of 16 to 628p. There was little fresh news to spark activity either way while analysts awaited the international news agency's December 4 presentation to provide them with an update on new products.

Oils on the whole did not take part in the market's rise, with both BP and Shell unchanged at 330 and 443 respectively. British Gas edged up 2 to 230p while Ultramar added 1 to 344p.

Reed International retraced Tuesday's late downward steps to end 8 up at 373p. Reports attributed the weakness to speculation that the proposed Sky TV merger with British Satellite Broadcasting faced a referral to the Monopolies and Mergers Commission. Most analysts dismissed the possibility, leaving traders to reflect on other probable reasons, which included a bear raid on the stock.

Other UK groups holding stakes in BSB fared indifferently. Granada eased 2 to 160p, while Pearson slipped to 643p before rallying to close 2 up on balance at 655p.

Investors taking the view that Trafalgar House stock was oversold – it currently offers 14 per cent if the final dividend is maintained – outnumbered sellers and the shares moved higher in livelier trading to 174p, up 7. Turnover at 5m included a late single bargain of 1.6m shares, assumed to represent a tax-related deal.

Rolls-Royce and British Steel also recorded heavy activity. Renewed institutional support pushed the former 4 higher to 169p after trading volume of 8m shares. The figure was even greater for British Steel, at 11m, and the shares retrieved part of recent losses to end 1½ firmer at 114p.

British Aerospace also rallied, benefiting from a squeeze on traders' short book positions. Business was not particularly brisk, but the shares settled 11 higher at 551p.

NatWest attracted good business as over 5m shares changed hands, and the price finished a penny higher at 278p. Other leading banks were also firmer, driven to some extent by a continued bear squeeze which prompted traders to cover short positions. Lloyds Bank added 6 to 294p, while Barclays finished 2 higher at 376p.

Prices were firmer throughout the composite insurance sector, although turnover was relatively light. Companies finishing on a firmer note included Commercial Union, up 8 at 488p, and General Accident, 17 higher at 488p. The recent rise in house insurance premiums continued to provide background support.

Building stocks were generally firmer, helped by increased hopes of lower interest rates in the next six months. Institutional buyers showed some interest in the market, and traders suggested that the current depressed state of the sector made the prospects of an upturn that much better. Even so, leading stocks remained relatively lightly traded. Redland added 5 to 550p with half a million shares changing hands, while Blue Circle traded 1.5m shares, closing just 2 higher at 212p.

*On the other hand*, Tarmac suffered a loss of 9 to 241p on a downgrading by UBS Phillips & Drew, and reports that Cazenove was warning about Tarmac's profit levels in the US. UBS cut this year's profit projection by £22m to £203m *and by £40m to £210m for next* year.

Cable & Wireless fell 10 to 413p after it announced interim profits at the lower end of market forecasts. The 25 per cent rise in profits to £301m compared with analysts' estimates of £300-315m.

Courtaulds reported interim profits some 23 per cent higher, which beat many market forecasts, but the share price only nudged forward to 318p.

T & N, on the other hand, reacted 8 to 154p. The market maker held responsible for much of the selling said that short-term investors had been taking profits after recent strength in the stock.

United Biscuits fell 1 to 319p after Barclays de Zoete Wedd lowered its current year forecast by £3m to £199m and its forecast for next year by £3m to £217m. BZW said UB had not had a strong recovery since the summer and that in recent weeks snack sales had been flat. Disappointing results from Nestlé depressed Unilever, down 4 at 648p, and Cadbury Schweppes, off a penny at 324p.

Leisure stocks failed to benefit from the stronger overall trend. Brent Walker lost 4 to 111p, while Ladbroke, the hotel, property development and betting shop concern, shed 8 to 270p as 6.3m shares changed hands. The weaker tone reflected concern about the falling value of the company's US property interests. On the other hand, Rank Organisation added 15 to 618p.

Depressing trading news weighed heavily on textile company John Foster, and the shares fell 10 to 31p. The chairman said, after reporting a mid-term loss and passing of the interim dividend, that the likelihood of achieving a full-year result better than break-even was slim.

Sketchley also announced a similar half-way plight. A loss of £5.5m compared with a profit of £5m at the same stage last year, but the bad tidings had been expected. Sketchley shares, however, slipped further to close 3 off at 75p.

That marks the low point in a traumatic year which has seen the group ward off a takeover attempt and seek fresh funding from shareholders. After adjusting for the rights issue, the shares have been as high as 374p.

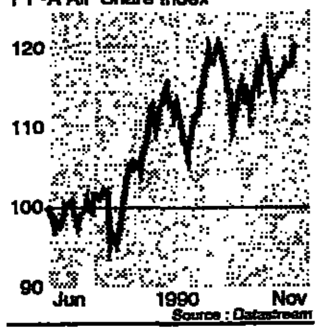
J S Pathology lost 10 to 170p on lower interim profits, which it described as "somewhat disappointing".

Water stocks were particularly buoyant. Institutional investors were looking beyond the current turmoil within the ruling Conservative party and pinning their hopes on the prospect of an attractive dividend share-out from the major water companies. The Water Package featured strongly, rising £52 to £2425 to show a 6.1 per cent gain from last Friday. Other rises included Severn Trent, up 6 at 219p, and Northumbrian Water, 7 better at 254p.

■ Other Market statistics, including the FT-Actuaries share index, Page 33

### Water Stocks

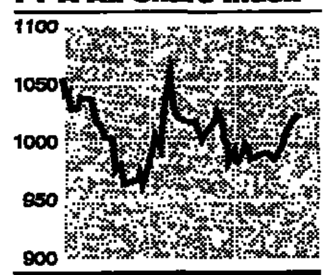
Share price relative to the FT-A All-Share Index



Source: Datastream

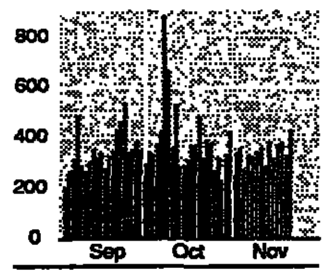
**Water stocks have improved markedly since the summer, but the advance has been punctuated by uncertainty associated with the changing fortunes of the ruling Conservative party. The popularity of the opposition Labour party in opinion polls has highlighted the possibility of a return of water to public ownership. However, balancing this concern have been expectations of a high dividend payout and better yield prospects than on the imminent electricity issues.**

### FT-A All-Share Index



### Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



## TRADING VOLUME IN MAJOR STOCKS

| | Volume 000's | Closing Price | Day's change |
|---|---|---|---|
| AGT | 1,400 | 189 | -1 |
| ASDA Group | 2,800 | 131 | |
| Abbey National | 2,100 | 225 | +2 |
| Allied-Lyons | 887 | 486 | +3 |
| Amstrad | 587 | 65½ | -1½ |
| Anglian Water | 2,000 | 349 | +1 |
| Argos | 1,300 | 264 | +5 |
| Argyll Group | 2,800 | 230 | |
| Ass. Brit. Foods | 602 | 410 | +4 |
| BAA | 806 | 391 | +7 |
| BAT Inds. | 5,500 | 561 | +4 |
| BET | 1,900 | 179 | -2 |
| BICC | 741 | 339 | -3 |
| BOC | 420 | 481 | +6 |
| BPB Inds. | 359 | 184 | -1 |
| BTR | 3,800 | 319 | +7 |
| Bank of Scotland | 1,500 | 113 | +1 |
| Barclays | 3,200 | 376 | +2 |
| Bass | 310 | 1034 | -2 |
| Beazer | 50 | 95 | |
| Berisford Int. | 420 | 28 | +1 |
| Blue Circle | 1,500 | 212 | +2 |
| Boots | 3,800 | 327 | +1 |
| Brit. Aerospace | 740 | 551 | +11 |
| British Airways | 581 | 143 | +1 |
| British Gas | 6,900 | 229½ | +2 |
| British Land | 461 | 397 | -2 |
| BP | 3,400 | 330 | |
| British Steel | 11,000 | 114 | +1½ |
| British Telecom | 8,000 | 285 | +2½ |
| Bunzl | 1,000 | 65 | +2 |
| Burmah Castrol | 225 | 439 | -6 |
| Burton | 6,900 | 85½ | +1½ |
| Cable & Wire. | 8,200 | 413 | -10 |
| Cadburys | 2,300 | 324 | -1 |
| Calor Group | 485 | 216 | +9 |
| Carlton Comms. | 519 | 328 | +1 |
| Coats Viyella | 1,000 | 118 | +1 |
| Comm. Union | 1,100 | 488 | +8 |
| Cookson | 818 | 91 | +1 |
| Courtaulds | 2,200 | 318 | +1 |
| Dalgety | 790 | 361 | +2 |
| Dixons | 2,600 | 149 | +3 |
| ECC Group | 380 | 309 | +2 |
| Enterprise Oil | 370 | 640 | +3 |
| FKI | 962 | 51 | -2 |
| Ferranti | 2,100 | 17½ | +1 |
| Fisons | 1,300 | 387 | +3 |
| Gen. Accident | 1,200 | 488 | +17 |
| General Elect. | 3,600 | 193 | +1 |
| Glaxo | 1,700 | 789 | +6 |
| Glynwed Int. | 345 | 200 | |
| Granada | 508 | 160 | -2 |
| Grand Met. | 3,400 | 592 | -1 |
| GUS A | 887 | 1124 | +11 |
| GRE | 2,500 | 198 | +6 |
| GKN | 474 | 321 | +6 |
| Guinness | 1,800 | 748 | |
| Hammerson 'A' | 83 | [illegible] | +3 |
| Hanson | 8,800 | 185½ | +5½ |
| Hanson Warrants | 1,900 | 36½ | +1 |
| Harrisons Crosfield | 155 | 137 | +2 |
| Hawker Sidd. | 275 | 429 | +1 |
| Hillsdown | 1,100 | 257 | +2 |
| IMI | 447 | 204 | +4 |
| ICI | 1,900 | 884 | +1 |
| Inchcape | 108 | 348 | +1 |
| Kingfisher | 825 | 391 | +3 |
| Ladbroke | 6,300 | 270 | -8 |
| Land Securities | 1,400 | 534 | |
| Laporte | 1,300 | 485 | +5 |
| Legal & General | 726 | 382 | +6 |
| Lloyds Abbey | 409 | 328 | +3 |
| Lloyds Bank | 2,600 | 294 | +6 |
| LASMO | 226 | 423 | +3 |
| Lonrho | 885 | 209 | +1 |
| Lucas | 1,200 | 136 | -1 |
| MB Caradon | 1,300 | 170 | +3 |
| MEPC | 899 | 509 | +3 |
| Manpower | 808 | 47 | -1 |
| Marks & Spencer | 2,800 | 240 | +1½ |
| Maxwell Comms. | 120 | 136½ | -½ |
| Midland Bank | 7,800 | 185 | |
| NatWest Bank | 5,400 | 278 | +1 |
| Next | 7,100 | 25 | +2 |
| North West Water | 1,600 | 263 | +4 |
| Northern Foods | 241 | 349 | -2 |
| Northumbrian Water | 308 | 254 | +7 |
| Pearson | 281 | 655 | +2 |
| P & O | 1,300 | 510 | +7 |
| Pilkington | 1,800 | 154 | +2 |
| Prudential | 2,100 | 200½ | +½ |
| RHM | 4,400 | 279 | -4 |
| RMC | 1,100 | 642 | +2 |
| RTZ | 1,100 | 445 | +6 |
| Racal | 7,300 | 185 | -2 |
| Racal Telecom | 155 | 272 | -4 |
| Rank Org. | 294 | 618 | +15 |
| Reckitt & Colman | 259 | 1257 | +3 |
| Redland | 574 | 550 | +5 |
| Reed Intl. | 1,700 | 373 | +8 |
| Reuters | 2,200 | 628 | -16 |
| Rolls Royce | 6,000 | 169 | +4 |
| Rothmans | 394 | 708 | +6 |
| Ryl Bk Scotland | 1,900 | 154 | +2 |
| Royal Insurance | 1,800 | 389 | +8 |
| STC | 1,700 | 316 | -1 |
| Saatchi | 536 | 37 | +1 |
| Sainsbury | 3,000 | 286 | |
| Scottish & New. | 1,100 | 382 | -6 |
| Sears | 1,100 | 86 | +2 |
| Sedgwick | 419 | 229 | |
| Severn Trent Water | 3,800 | 219 | +6 |
| Shell Transport | 4,800 | 442½ | -½ |
| Siebe | 386 | 393 | -3 |
| Slough Ests | 128 | 236 | -1 |
| Smith (W.H.) A | 133 | 378 | +1 |
| Smith & Nephew | 1,700 | 109½ | |
| SmKl Beecham | 918 | 581 | -3 |
| SmKl Beecham Uts. | 182 | 2530 | -28 |
| Smiths Inds. | 381 | 227 | +7 |
| South West Water | 253 | 249 | +3 |
| Southern Water | 2,300 | 223 | +6 |
| Standard Chartd. | 1,500 | 280 | -2 |
| Storehouse | 335 | 126 | +1 |
| Sun Alliance | 1,600 | 334 | +7 |
| Sun Life | 6 | 1026 | -5 |
| T&N | 408 | 154 | -8 |
| TI Group | 332 | 402 | |
| TSB | 5,900 | 136½ | +½ |
| Tarmac | 2,500 | 241 | -9 |
| Tate & Lyle | 687 | 278 | +2 |
| Taylor Woodrow | 68 | 222 | +1 |
| Tesco | 4,000 | 233 | +4 |
| Thames Water | 1,600 | 247 | +4 |
| Thorn EMI | 983 | 649 | +5 |
| Trafalgar House | 5,000 | 174 | +7 |
| Trusthouse Forte | 1,700 | 284 | -3½ |
| Ultramar | 1,200 | 344 | +1 |
| Unigate | 440 | 287 | -2 |
| Unilever | 769 | 648 | -4 |
| United Biscuits | 1,800 | 319 | -1 |
| Utd. Newspapers | 1,380 | 302 | -1 |
| Water Package Uts. | 3 | 2425 | +52 |
| Wellcome | 803 | 883 | +4 |
| Welsh Water | 850 | 283 | +3 |
| Wessex Water | 400 | 237 | +4 |
| Whitbread 'A' | 3,400 | 425 | -6 |
| Wiggins Teape | 2,300 | 198 | -1 |
| Williams Hldgs. | 358 | 232 | +2 |
| Willis Corroon | 1,400 | 242 | +1 |
| Wimpey | 409 | 218 | +1 |
| Yorkshire Water | 1,100 | 348 | -4 |

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

## NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (35).
BRITISH FUNDS (16) STORES (2) INDUSTRIALS (3) Betterware Cons. Prods., Boots, Sanders & Sidney, TRUSTS (7) WATER (3) OILS (2).
NEW LOWS (110).
CANADIANS (3) BUILDINGS (2) CHEMICALS (1) STORES (5) ELECTRICALS (6) ENGINEERING (1) FOODS (4) INDUSTRIALS (27) Abbeycrest, Antares, Arley, BSS, Bluebird Toys, British Steel, Bullers, Campbell & Armstrong, Computer People, Essalte, Expamet Intl., Faber Prest, Gieves, Lilly (Eli), Manpower, Norfolk House, Optical & Medical, Oriflame, Plastiseal, Quotient, Schlumberger, Shanks & McEwan, Sketchley, Suter, Swallowfield, Tams (John), Whittington, INSURANCE (1) LEISURE (6) MOTORS (4) NEWSPAPERS (1) PAPERS (7) PROPERTY (2) TEXTILES (3) TRANSPORT (3) TRUSTS (17) OILS (2) OVERSEAS TRADERS (3) MINES (9) THIRD MARKET (2).

## APPOINTMENTS

# New chief for RHP Bearings division

■ Mr Laurence Cox, a director of Aurora, will be joining RHP BEARINGS, aerospace division, on December 3. He will become managing director of the division on January 1 when Mr John Bishop retires.

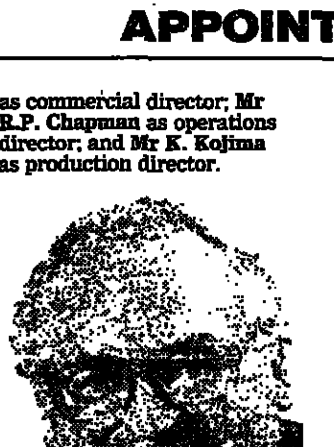
■ DARTINGTON & CO GROUP has appointed Mr Peter Woodman as a director of Dartington & Co, its banking arm.

■ Mr Miles Linington, director of Billiton-Enthoven Metals, *has been elected to the* board of the LONDON METAL EXCHANGE.

■ Mr Peter Nightingale has joined ELECTROLUX DOMESTIC APPLIANCES as marketing director. He was marketing director at Philips/Whirlpool *major appliances.*

■ THIRD WAVE GROUP has appointed Mr Malcolm Pearcey as group finance director.

■ The Minebea Group of Japan has apppointed to the board of ROSE BEARINGS, Lincoln, Mr A.P. Herod as managing director; Mr S.J. Baxter as finance director; Mr C. Parkin as commercial director; Mr R.P. Chapman as operations director; and Mr K. Kojima as production director.



■ Mr Rodney Meere *(pictured)* has been appointed as the chairman and chief executive of WILLIS WRIGHTSON RISK MANAGEMENT. He is chairman of Hinton & Higgs.

■ Mr Robert Martin has been appointed chairman of PARKER KISLINGBURY, hardwoods, Eardisley, Herefordshire. He is *non-executive chairman of* BAL (UK).

■ HENDERSON PENSION FUND MANAGEMENT has appointed Mr Bill Baker to its board. He was a director of Mercury Asset Management.

■ BRITANNIA GROUP, Cheltenham, has appointed Mr Michael Nelmes-Crocker as deputy group chief executive. Mr Michael Bishop has joined the board as construction director, and becomes managing director of subsidiary Britannia Construction.

■ THE SUMMIT GROUP has appointed Mr Alan Leesmith as group treasurer of Summit *Group Holdings*, in addition to his continuing role as director of Anglo Leasing which was acquired by the group earlier this year. He was finance director of Anglo Leasing at its flotation in 1987.

■ SCHWEPPES GREAT BRITAIN has appointed Mr Andrew Cosslet as marketing director. He was with Marine Harvest, part of Unilever.

■ Mr Michael Speed, international group purchasing director, Racal Electronics, has been appointed president of the INSTITUTE OF PURCHASING AND SUPPLY.

■ SWITCHED RELUCTANCE DRIVES, Leeds, has appointed Mr Geoffrey Haines as marketing and commercial director, and Dr Roy Blake *as technical director. Both* were senior managers. Mr Ian Elliot becomes a non-executive director. He was managing director, Pirelli Focom.

■ Mr Brian Kirby has been appointed to the board of COMPAIR HOLMAN, Cambourne. He will be responsible for sales, and retains overall control of the mining and ground engineering divisions.

■ MINET INSURANCE BROKERS (UK) has appointed Mr Danny O'Brien as deputy chief executive.

■ Mr Rogan Dwyer has been appointed active underwriter of R.C. DWYER AND OTHERS, Syndicate 323, which will commence underwriting at Lloyd's as an independent non-marine syndicate from January 1. Mr Dwyer and deputy Mr Rupert Bidwell will continue to operate under the N.J. Marchant Underwriting Agency.

■ Mr Barry Henley *(pictured)* has been appointed director and general manager of CHUBB ELECTRONICS, part of Racal Security. He was marketing director of sister company Chubb Alarms.

## LONDON SHARE SERVICE

### BRITISH FUNDS

| 1990 High | 1990 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| "Shorts" (Lives up to Five Years) | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Five to Fifteen Years | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Over Fifteen Years | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Undated | | | | | | |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### BRITISH FUNDS—Contd

| 1990 High | 1990 Low | Stock | Price £ | + or – | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| Index-Linked | | | | | (1) | (2) |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### INT. BANK AND O'SEAS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CORPORATION LOANS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### COMMONWEALTH & AFRICAN LOANS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### LOANS

Building Societies

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Public Board and Ind.

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### FOREIGN BONDS & RAILS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### AMERICANS

| 1990 High | 1990 Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### AMERICANS—Contd

| 1990 High | 1990 Low | Stock | Price £ | + or – | Div Gross | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 21⅝ | 5⅛ | Chase Manhattan $12½ | [illegible] | [illegible] | $1.20 | - | 23.4 |
| 19¼ | 524p | Chem. Banking Corp. | [illegible] | -37 | $1.00 | - | 8.5 |
| 12½ | 5⅞ | Chrysler $6¼ | [illegible] | [illegible] | $1.20 | - | 10.3 |
| 18⅛ | [illegible] | Citicorp $1 | [illegible] | [illegible] | $2.46 | - | 19.4 |
| 40½ | 29⅝ | Colgate-Palmolive $1 | [illegible] | [illegible] | $1.00 | - | 2.6 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### CANADIANS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Continued on next page

# LONDON SHARE SERVICE

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## BANKS, HP & LEASING

| 1990 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| £13¼ | £9 | ABN Amro F15 | £9½ | +¼ | Q28% | 2.1 | 8.8 | 5.3 |
| 303 | 145 | ANZ $A1 | 153 | −3 | 44c | 1.4 | 11.1 | 6.4 |
| 233 | 172 | Abbey National 10p | 226 | +2 | 5.7 | 4.3 | 3.4 | 9.2 |
| *274 | 128 | Allied Irish Ord | 147 | −1 | tQ40% | 3.3 | 6.1 | 6.7 |
| 85 | 47 | Anglo Irish | 53 | ... | Q17.9% | ♦ | 7.8 | ♦ |
| 93 | 61 | Ansbacher (H.) 1p | 61 | ... | 2.5 | 1.3 | 5.5 | 17.6 |
| £71¼ | £32¾ | Bancaire Cie Fr100 | £48¼ | −¼ | Q12¼% | – | 2.7 | – |
| £22¼ | £13¼ | Banco Bilbao V£2 | £13¼ | ... | Q49.1% | 2.7 | 6.0 | 9.1 |
| 286 | 130 | Bank Ireland Ir£1 | 146 | −3 | Q14.7% | 2.9 | 9.0 | 5.1 |
| £19½ | £18 | Bank Leumi | £19½ | ... | – | – | – | – |
| 351 | 320 | Bank Leumi (U.K.) | 350 | ... | †15.0 | – | 5.7 | – |
| 129½ | 100 | Bank Scotland | 113 | +1 | †4.55 | 3.4 | 5.4 | 7.2 |
| 100¼ | 83¼ | Do. 9¼pc Irrd Pf | 97½ | +1 | 9¼% | – | 12.6 | – |
| 54 | 39 | Bank of Wales | 42 | ... | 2.8 | 0.8 | 8.9 | (20.2) |
| 428 | 290 | Barclays £1 | 376 | +2 | ‡h19.57 | 3.5 | 6.9 | 5.2 |
| 22 | 10 | Benchmark 20p | 11 | +1 | 0.75 | – | 9.1 | – |
| 335 | 238 | Brown Shipley £1 | 245 | ... | ‡12.0 | 2.2 | 6.6 | 7.8 |
| *435 | 285 | Cater Allen £1 | 362 | +2 | F24.5 | – | 9.0 | – |
| 179 | 29 | Chancery | 97 | ... | 9.0 | 2.7 | – | 1.5 |
| £23¼ | £14 | Commerzbk DM10 | £16 | +¼ | Q18% | – | 3.9 | – |
| £13¼ | 620 | Dai Ichi KBk Y50 | 697 | +5 | Q17% | 6.2 | 0.5 | 32.9 |
| *£313¾ | £189¾ | Deutsche Bk DM50 | £211¼ | +2¼ | Q28% | – | 2.2 | – |
| £20¾ | £14¾ | Espirito Santo | £15¾ | ... | Q75c | 5.1 | 2.4 | 8.0 |
| 253 | 166 | First Nat. Fin. 10p | 183 | +4 | 13.0 | 2.1 | 9.5 | 6.3 |
| 121 | 82 | FNFC 6.3pc Cv. Pf | 91 | +1 | 6.3% | – | 9.2 | – |
| £13¼ | 633 | Fuji Bank Y50 | 808 | ... | tQ17% | 6.9 | 0.4 | 34.3 |
| 325 | 262 | Gerrard & National | 294 | +2 | 19.0 | – | 8.6 | – |
| 154 | 85 | Guinness Mahon 10p | 85 | ... | 2.1 | – | 3.3 | – |
| 328 | 194 | Hambros 20p | 236 | −2 | 11.5 | – | 6.5 | – |
| 128 | 88 | Do. 7.5pc Cv Pf | 96 | ... | 7½% | – | 10.4 | – |
| 53½ | 29 | HK & Shang. HK$2.50 | 30 | ... | hQ38c | – | 8.5 | – |
| 478 | 373 | Joseph (Leo) £1 | 373 | ... | 15.85 | – | 5.7 | – |
| 150 | 105 | King & Shaxson 20p | 120 | +2 | 10.25 | – | 11.4 | – |
| 422 | 262 | Kleinwort Benson Grp | 281 | −1 | 16.0 | 2.5 | 7.6 | 6.7 |
| 642 | 316 | Kyowa Bank Y50 | 393 | +9 | Q14% | ♦ | 0.6 | ♦ |

### Hire Purchase, Leasing, etc.

## BEERS, WINES & SPIRITS

## BUILDING, TIMBER, ROADS

## BUILDING, TIMBER, ROADS — Contd

## CHEMICALS, PLASTICS

## DRAPERY AND STORES

## ELECTRICALS

## ELECTRICALS — Contd

## ENGINEERING

## ENGINEERING — Contd

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## INDUSTRIALS (Miscel.)

## INDUSTRIALS (Miscel.) — Contd

## INDUSTRIALS (Miscel.) — Contd.

## INSURANCES

## LEISURE

## MOTORS, AIRCRAFT TRADES

### Commercial Vehicles

هكذا من الاصل

# LONDON SHARE SERVICE

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## MINES—Contd

### Tins

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 35 | 25 | ♥Ayer Hitam SM1 | 25 | ... | ☆Q53.3c | 0.7 | – |
| 75 | 45 | Gopeng Berhad M$0.50 | 45 | ...... | Q11c | 2.6 | 4.6 |
| 67 | 27 | Malaysia Mng. 10c | 27 | . | Q7c | 2.3 | 4.9 |
| 160 | 130 | Petaling SM1 | 130 | ... | Q180c | – | 26.0 |
| 90 | 90 | Tanjong Tin 15p | 90p | | – | – | – |

### Miscellaneous

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 190 | 85 | Anglesey Mining 9p . y | 90 | +2 | – | – | – |
| 110 | 8 | Do. Warrants y | 9 | ...... | – | – | – |
| 17 | 4½ | Anglo-Dominion | 6 | | – | – | – |
| 651 | 196 | Bond Intl. Gold | 203 | +7 | – | – | – |
| 37 | 12 | Butte Mining 10p . y | 13 | +½ | – | – | – |
| 44 | 4 | ♥Colby Mines | 5½ | .. | – | – | – |
| 122 | 25 | Cons. Murch. 10c. | 25 | ... | Q30c | 5.5 | – |
| 26 | 3 | ♥DRX Inc | 3 | –1 | – | – | – |
| 24½ | 7 | ♣Ennex Int. Ir10p . y | 7 | –½ | – | – | – |
| 98 | 20 | Europa Minerals 2p . y | 26 | .. | 1.0 | – | 5.1 |
| 86 | 25 | Geevor y | 26 | +1 | – | – | – |
| 43 | 13 | Greenwich Res. β | 16 | .... | – | – | – |
| £10⅝ | £4 3/16 | ♥Hemlo Gold Mines | 55 | .... | S020c | – | 1.8 |
| £14 | £8 | Homestake Mining $1 | C8⅝ | –⅛ | Q20c | – | 1.2 |
| 49½ | 13 | ♣Kenmare y | 13 | –1 | – | – | – |
| 20¼ | 7 | ♥New Sabina Res C$1 | 14 | ... | – | – | – |
| 457 | 57 | Northgate Expl. C$1 | 57 | –8 | – | | – |
| 39¼ | 3½ | ♥Nor-Quest Res | 4½ | –1 | – | – | – |
| 255 | 90 | Oryx Gold Hldgs | 182 | ... | – | – | – |
| 93 | 42 | Plateau Mining 20p y | 44 | ... | – | – | – |
| 605 | 392 | RTZ 10p α | 445 | +8 | †18.5 | 2.5 | 5.5 |
| 14 | 4½ | ♥Thorco Res. Inc | 5¼ | .... | – | – | – |
| 18 | 5 | Vizcaya Hldgs 5p y | 10 | .. | – | – | – |
| 178 | 138 | ♣Young Group 10p . y | 138 | ... | †7.8 | 2.7 | 7.5 |

## THIRD MARKET

| 1990 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 30 | 5 | Analysis Hldgs 20p . y | 5 | –1 | – | – | – | – |
| 53 | 28 | Andaman Res. 10p y | 48 | ... | – | – | – | – |
| 20½ | 10½ | Automobile of Dst. 5p α | 12 | ... | ♦ | – | – | – |
| 1½ | 0¼ | Barbican Hldgs. 1p . y | 1 | ... | – | – | – | ♦ |
| 45 | 31 | Biocure 1p. y | 40 | .... | – | – | – | – |
| 18 | 7 | Burnin Exploration y | 8 | ... | – | – | – | – |
| 225 | 205 | Cafe Inns £1 | 225 | ...... | – | – | – | 14.1 |
| 22 | 10 | Caldwell Invs 10p. y | 10 | | – | – | – | – |

### NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- ▫ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – |
|---|---|---|
| Craig & Rose £1 . y | 780xd | ...... |
| Finlay Pkg 5p . y | 36 | –2 |
| Holt (Jos) 25p . y | 1305 | ...... |
| Carrol (P J.) | 154 | ... |
| Helton Hldgs. y | 43 | –2 |
| IRG | 153¼ | .... |
| United Drug | 133 | .... |

### IRISH

| Stock | Price | + or – |
|---|---|---|
| Cap 8½% Ln 1991 | £98¼ | ... |
| 9pc Cap Ln. 1996. | £93¼ | +½ |
| Fin. 13% 97/02 | £110½ | ... |
| Arnotts | 167½xd | ... |

## TRADITIONAL OPTIONS

3-month call rates

### Industrials

| Stock | p |
|---|---|
| Allied-Lyons | 40 |
| Amstrad | 6 |
| Astec (BSR) | 4½ |
| BAT | 45 |
| BOC Grp. | 39 |
| BTR | 29 |
| Barclays | 27 |
| Blue Circle | 17 |
| Boots | 21 |
| Bowaters | 41 |
| Brit Aerospace | 43 |
| British Steel | 10½ |
| Brit. Telecom | 22 |
| Cadburys | 26 |
| Charter Cons | 37 |
| Comm Union | 37 |
| Courtaulds | 25 |
| Eurotunnel | 40 |
| FKI | 5¼ |
| FNFC | 20 |
| Gen Accident | 37 |
| GEC | 14 |
| Glaxo | 57 |
| Grand Met. | 44 |
| Guardian | 15 |
| GKN | 27 |
| Hanson | 16 |
| Hawker Sidd. | 39 |
| ICI | 70 |
| Ladbroke | 22 |
| Legal & Gen. | 29½ |
| Lex Service | 28 |
| Lloyds Bank | 21 |
| Lucas Inds | 11 |
| Marks & Spencer | 18 |
| Midland Bk | 20 |
| Nat West Bk | 18 |
| P & O Dfd | 42 |
| Racal Elect. | 14 |
| RHM | 23 |
| Rank Org Ord. | 49 |
| Reed Intnl. | 30 |
| STC | 19½ |
| Sears | 8½ |
| SmKl Beecham A | 44 |
| TI | 37 |
| TSB | 10 |
| Tesco | 19 |
| Thorn EMI | 49 |
| Trust Houses | 21 |
| T&N | 14 |
| Unilever | 50 |
| Vickers | 19 |
| Wellcome | 38 |

### Property

| Stock | p |
|---|---|
| Brit Land | 24 |
| Control Secs | 3½ |
| Land Securities | 42 |
| MEPC | 38 |
| Mountleigh | 11 |

### Oils

| Stock | p |
|---|---|
| Aviva Petlm | 3½ |
| Brit Petroleum | 28 |
| Burmah Castrol | 44 |
| Conroy Petlm. | 20 |
| Gaelic Res. | 2 |
| Premier | 8½ |
| Shell | 40 |
| Tuskar Res | 6 |
| Ultramar | 31 |

### Mines

| Stock | p |
|---|---|
| Lonrho | 21 |
| RTZ | 40 |

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# AUTHORISED UNIT TRUSTS

**Abbey Unit Tst Mngrs (1000)H**
80 Holdenhurst Rd Bournemouth 0345 717373

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| High Income | | | | | | |
| American Income | 6 | 38.78 | 39.15 | 41.64 | -0.15 | 6.58 |
| Gilts & Fixed Int | 6 | 108.0 | 108.0 | 114.6 | +0.1 | 10.08 |
| High Inc Equity | 4 | 114.9 | 118.2xd | 125.7 | +3.7 | 5.05 |
| Worldwide Bond | 6 | 189.7 | 189.7xd | 201.1 | +0.9 | 7.46 |
| Capital Growth | | | | | | |
| American Growth | 6 | 144.8 | 144.8 | 154.8 | -1.2 | 1.24 |
| Asian Pacific | 6 | 94.59 | 96.73 | 102.9 | +1.4 | 0.19 |
| Assets & Earnings | 6 | 141.8 | 141.8xd | 151.6 | +0.5 | 3.58 |
| Capital Reserve Acc | 0 | 99.18 | 99.18 | 99.30 | +0.09 | 7.19 |
| Capital Reserve Inc | 0 | 83.36 | 83.36 | 83.46 | +0.07 | 7.19 |
| Comdty & Energy | 6 | 73.22 | 73.22 | 78.31 | -0.18 | 1.26 |
| 1992 Enterprise | 6 | 54.41 | 55.81 | 59.37 | +1.57 | 3.59 |
| Euro Capital Acc | 6 | 84.42 | 84.42 | 90.28 | -0.08 | 1.33 |
| Euro Capital Inc | 6 | 81.06 | 81.06 | 86.69 | -0.08 | 1.33 |
| General | 6 | 150.0 | 150.0xd | 160.4 | +1.2 | 3.12 |
| Japan | 6 | 82.86 | 82.86xd | 88.62 | -0.37 | 0.00 |
| Mastertrust | 6 | 75.21 | 75.21 | 80.43 | -0.02 | 3.20 |
| UK Growth Acc | 6 | 134.9 | 134.9xd | 144.2 | +0.7 | 3.06 |
| UK Growth Dist | 6 | 87.25 | 87.25xd | 93.31 | +0.49 | 3.05 |
| US Emerging Cos | 6 | 39.69 | 39.69xd | 42.44 | -0.12 | 0.00 |
| Income & Growth | 6 | 257.4 | 257.4xd | 275.2 | +2.1 | 3.72 |
| Ethical | 6 | 40.19 | 41.42 | 44.06 | +0.18 | 2.27 |
| International | 6 | 50.59 | 51.30 | 54.57 | +0.02 | 0.92 |
| Dividend & Growth | 6 | 41.23 | 42.34 | 45.04 | +1.39 | 5.00 |
| Global Gwth & Sec | 6 | 46.82 | 47.16 | 50.16 | -0.02 | 1.99 |

**Abtrust Management Ltd (1200)H**
10 Queens Terrace Aberdeen AB9 1QJ 0800 833580

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Amer Inc & Growth | 5¼ | 24.12 | 24.12xd | 25.60 | -0.15 | 3.08 |
| Cash | - | 50.22 | 50.22 | 50.22 | +0.02 | 13.92 |
| European | 5¼ | 68.34 | 68.34 | 72.45 | +0.26 | 0.00 |
| European Income | 5¼ | 70.00 | 70.00xd | 74.14 | +0.34 | 1.67 |
| Exempt | 1 | 672.6 | 672.6xd | 692.8 | +4.0 | 3.37 |
| Exempt Income | 3¼ | 160.3 | 160.3 | 169.5 | +2.5 | 5.00 |

**Brown Shipley & Co Ltd – Contd.**

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Intl Growth ♣ | 6 | 22.42 | 22.42xd | 23.88 | +0.03 | 0.29 |
| Monthly Income | 6 | 46.47 | 46.47 | 50.45 | +0.36 | 4.96 |
| North American | 6 | 49.78 | 49.78 | 53.02 | -0.14 | 0.41 |
| Oriental ♣ | 6 | 88.27 | 88.27 | 94.01 | -0.56 | - |
| Recovery | 6 | 32.96 | 32.96 | 35.10 | +0.13 | 1.76 |
| Smaller Cos Acc | 6 | 169.7 | 169.7xd | 182.4 | -0.50 | - |
| Smaller Cos Inc | 6 | 102.5 | 102.5xd | 110.2 | -0.30 | 3.27 |

**Brycourt Unit Tst Mgmt Ltd (1400)F**
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Income Growth | 1 | 157.3 | 160.6xd | 167.0 | | 7.07 |

**Buckmaster Mangmt Co Ltd (1200)H**
15 St Botolph Street, London EC3A 7JJ 071-247 4542

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Emerging Gwth | 5¼ | 42.85 | 42.85 | 45.42 | -0.17 | 5.10 |
| (Accum Units) | 5¼ | 44.93 | 44.93 | 47.68 | -0.18 | 5.10 |
| Fellowship Tst ♥ | 5¼ | 48.23 | 49.32 | 52.47 | +0.14 | 4.43 |
| (Accum Units) ♥ | 5¼ | 51.23 | 52.38 | 56.73 | +0.15 | 4.43 |
| General Inc | 5¼ | 235.7 | 235.7 | 249.8 | +1.0 | 4.17 |
| (Accum Units) | 5¼ | 410.3 | 410.3 | 434.9 | +1.8 | 4.17 |
| Income | 5¼ | 134.9 | 134.9 | 143.0 | +0.7 | 5.46 |
| (Accum Units) | 5¼ | 280.1 | 280.1 | 296.9 | +1.6 | 5.46 |
| International ♥ | 5¼ | 84.16 | 84.16 | 89.21 | -0.47 | 0.69 |
| (Accum Units) ♥ | 5¼ | 116.3 | 116.3 | 123.3 | +0.7 | 0.69 |
| Smaller Co's | 5¼ | 78.64 | 78.64 | 83.36 | -0.39 | 3.23 |
| (Accum Units) | 5¼ | 88.12 | 88.12 | 93.41 | -0.40 | 3.23 |
| Inv Portfolio ♥ | 3 | 44.04 | 44.04 | 45.58 | +0.14 | 3.77 |
| (Accum Units) ♥ | 3 | 46.80 | 46.80 | 48.44 | +0.15 | 3.77 |
| High Income Port ♥ | 3 | 39.78 | 39.78 | 41.17 | -0.02 | 6.05 |

**Burrage Unit Tst Mangmt Ltd (0905)F**
117 Fenchurch St, London EC3M 5AL 071-480 7216

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Short Dated Gilt | 1½ | 60.15 | 60.15 | 61.00 | -0.05 | 12.74 |

**CCF Foster Braithwaite UT Mngt (1100)F**
1 White Hart Yard, London SE1 1NX 071-407 5966

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| CCF Sel High Inc Eqty | 5½ | 42.70 | 43.43 | 46.21 | +0.42 | 6.08 |
| CCF Sel High Inc Eq Acc | 3 | 43.66 | 44.41 | 47.25 | +0.42 | 6.08 |
| CCF Sel Intl Gwth | 5½ | 37.38 | 37.38xd | 40.44 | -0.36 | 0.00 |
| CCF Sel Inv Tst | 5½ | 41.53 | 43.36 | 46.13 | +0.22 | 2.56 |
| CCF Sel Inv Tst Acc | 5½ | 42.08 | 43.93 | 46.73 | +0.22 | 2.56 |
| CCF Sel UK Sm Co's | 5½ | 40.25 | 41.70 | 44.37 | +0.19 | 2.30 |
| CCF Sel UK Smlr Cos Acc | 5½ | 40.55 | 42.02 | 44.71 | +0.20 | 2.30 |

**CCL Unit Trusts Ltd (1400)F**
74 Shepherds Bush Green W12 8SD 081-740 7070

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| UK General Tst | 5½ | 46.95 | 48.09 | 51.16 | +0.27 | 2.86 |
| Global Tst | 5½ | 35.81 | 36.20xd | 38.51 | -0.09 | 0.35 |

**Gartmore Fund Managers (1200)F**
Gartmore House, 16-18 Monument Street London EC3R 8AJ 071-782 2000
Dealings only 0277-264421
Investor Services: Freephone 0800-289 336

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| UK Growth Trusts | | | | | | |
| British Growth | 5¼ | 29.32 | 29.36 | 31.40 | -0.12 | 3.82 |
| CashTrust | 0 | 107.45 | 107.45xd | 107.45 | -0.01 | 14.25 |
| Practical Inv (Inc) | 5¼ | 74.56 | 74.56 | 79.96 | -0.62 | 4.50 |
| Do (Accum) | 5¼ | 148.62 | 148.62 | 159.38 | -1.25 | 4.50 |
| UK Smaller Cos | 5¼ | 74.57 | 74.57xd | 79.97 | -0.06 | 4.31 |

**LAS Unit Tst Mngrs Ltd (1000)H**
113 Dundas St, Edinburgh EH3 5EB 031-550 5151

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| European | 5½ | 48.22 | 48.22 | 51.30 | -0.01 | 1.54 |
| Extra Income | 5½ | 18.46 | 18.46 | 19.60 | +0.17 | 5.89 |
| Far East | 5½ | 14.97 | 14.97 | 15.93 | -0.06 | - |
| Income & Gwth | 5½ | 50.94 | 50.94 | 54.19 | +0.38 | 4.78 |
| Intl Growth | 5½ | 31.80 | 31.80 | 33.83 | +0.02 | 2.94 |
| Japan | 5½ | 42.67 | 42.67 | 45.39 | -0.33 | - |
| Maximum Grw * | 3 | 98.98 | 98.98xd | 101.0 | +0.10 | 13.6 |
| NthAmer Equity | 5½ | 21.04 | 21.04xd | 22.38 | -0.22 | 0.96 |
| UK Equity | 5½ | 59.49 | 60.37xd | 64.22 | +1.55 | 4.91 |

*C.A.R. – Compound Annual Rate

**Mercury Fund Managers Ltd – Contd.**

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| General | 5 | 322.1 | 324.9 | 346.6 | +1.40 | 2.99 |
| (Accum Units) | 5 | 572.7 | 577.8 | 616.3 | +2.40 | 2.99 |
| Gilt | 5 | 82.71 | 82.71 | 86.95 | +0.10 | 9.21 |
| (Accum Units) | 5 | 123.1 | 123.1 | 129.4 | +0.18 | 9.21 |
| High Income | 5 | 44.16 | 44.34xd | 47.30 | +0.36 | 6.32 |
| (Accum Units) | 5 | 52.03 | 52.25xd | 55.73 | +0.42 | 6.32 |
| High Interest | 5 | 41.61 | 41.61 | 43.82 | -0.02 | 10.96 |
| (Accum Units) | 5 | 54.03 | 54.03 | 56.92 | -0.02 | 10.96 |
| Income | 5 | 103.3 | 103.6xd | 110.6 | +0.70 | 5.88 |
| (Accum Units) | 5 | 136.3 | 136.3xd | 145.4 | +1.10 | 5.88 |
| International | 5 | 242.7 | 242.7 | 258.0 | -0.30 | 2.51 |
| (Accum Units) | 5 | 314.7 | 314.7 | 334.7 | -0.18 | 2.51 |

**Newton Fund Mngrs Ltd (1200)F**
2, London Bridge, SE1 071-407 4404

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Newton Income | 6 | 127.3 | 130.4xd | 138.7 | +0.6 | 7.14 |
| Newton Global | 6 | 189.9 | 194.1xd | 206.5 | -1.4 | 3.51 |
| Newton General | 6 | 90.96 | 93.36xd | 99.32 | +0.64 | 4.47 |

**Norwich Union Tst Managers (1200)H**
PO Box 124, 51/59 Rose Lane, Norwich 0603 682234

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Master Trust | 6 | 79.63 | 79.63 | 84.68 | -0.01 | 3.55 |
| UK Equity | 6 | 89.93 | 91.48 | 97.32 | +0.73 | 5.39 |
| UK Equity Income | 6 | 88.91 | 90.45xd | 96.22 | +0.62 | 5.38 |
| UK Smaller Co's | 6 | 68.89 | 72.00 | 76.60 | +0.30 | 5.45 |
| UK Equity Growth | 6 | 83.14 | 84.68 | 90.08 | -0.56 | 4.45 |

**Schroder Unit Trusts Ltd (1600)F**
36 Old Jewry, London EC2R 8BS
Public Qry 071-606 8484 Broker Qry 071-606 0015

**Matheson Unit Trust Managers Ltd (1200)H**
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries: 0277 227300 Dealing: 0277 261010

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| SE Asia | 6 | 39.66 | 39.66 | 42.42 | +0.18 | 2.49 |
| UK Growth (4-1) | 6 | 58.30 | 58.30 | 62.35 | +0.30 | 3.96 |
| UK High Income | 6 | 30.51 | 30.51 | 32.63 | +0.08 | 6.19 |

**Mayflower Management Co Ltd (1200)F**
PO Box 249, Beckenham, Kent BR3 4WA 081-663 3111

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Income | 5 | 302.2 | 302.2 | 321.5 | +2.9 | 5.59 |
| Global Inc | 5 | 42.04 | 42.04 | 44.72 | +0.14 | 5.40 |
| Brit Leaders | 5 | 240.3 | 240.3 | 256.6 | +2.1 | 4.30 |
| Intl Leaders | 5 | 121.4 | 121.4 | 129.2 | .... | 3.18 |

**Medical Investments Ltd (1100)F**
1 White Hart Yard, London SE1 1NX 071-407 5966

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Health Fund | 5½ | 43.96 | 43.96 | 48.11 | -1.08 | .34 |

**Mercury Fund Managers Ltd (1600)H**
33 King William St, EC4R 9AS 071-280 2860

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| American Growth | 5 | 101.8 | 101.9xd | 108.7 | -1.20 | 0.68 |
| (Accum Units) | 5 | 108.7 | 108.8xd | 116.1 | -1.20 | 0.68 |
| American Income | 5 | 30.77 | 30.77 | 32.70 | -0.12 | 9.14 |
| (Accum Units) | 5 | 41.01 | 41.01 | 43.59 | -0.15 | 9.14 |
| American Sm Cos | 5 | 37.68 | 37.68xd | 40.20 | +0.25 | 0.00 |
| (Accum Units) | 5 | 38.19 | 38.19xd | 40.74 | +0.26 | 0.00 |
| British Blue Chip | 5 | 51.93 | 52.06xd | 55.54 | +0.42 | 3.19 |
| (Accum Units) | 5 | 57.22 | 57.37xd | 61.20 | +0.47 | 3.19 |
| Cash * | 0 | 101.9 | 102.0 | 102.0 | .... | 14.30 |
| (Accum Units) * | 0 | 107.3 | 107.5 | 107.5 | .... | 14.39 |
| European Growth | 5 | 149.9 | 149.9 | 159.2 | +0.40 | 1.47 |
| (Accum Units) | 5 | 159.1 | 159.1 | 169.0 | +0.40 | 1.47 |
| European Income | 5 | 62.72 | 62.72 | 66.61 | +0.33 | 4.90 |
| (Accum Units) | 5 | 73.15 | 73.15 | 77.68 | +0.37 | 4.90 |

**Murray Johnstone UT Mgmt – Contd.** (extract)

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| (Accum Units) | 5¼ | 75.33 | 75.33 | 80.39 | +0.65 | 10.09 |
| Far East Gth Acc ♥ | 5¼ | 100.20 | 100.20xd | 107.30 | -0.50 | 0.29 |
| Gilt & F.I. | 5¼ | 49.56 | 49.58 | 52.46 | +0.39 | 9.55 |
| (Accum Units) | 5¼ | 100.80 | 100.80 | 106.60 | +0.38 | 9.55 |
| Gold ♥ | 5¼ | 26.90 | 27.10xd | 29.13 | -0.23 | 0.00 |
| (Accum Units) ♥ | 5¼ | 28.97 | 29.19 | 31.38 | -0.24 | 0.00 |
| Income | 5¼ | 42.57 | 42.57 | 45.40 | +0.44 | 8.17 |
| (Accum Units) | 5¼ | 112.30 | 112.30 | 119.70 | +1.10 | 8.17 |
| Intnl. | 5¼ | 20.93 | 20.93xd | 22.45 | -0.20 | 0.49 |
| (Accum Units) | 5¼ | 29.66 | 29.66 | 31.82 | -0.27 | 0.49 |
| Jap Smaller Cos ♥ | 5¼ | 310.20 | 310.20 | 330.80 | -2.50 | 0.00 |
| Sing & Malaysian ♥ | 5¼ | 80.02 | 80.02 | 85.81 | -0.05 | 0.00 |
| (Accum Units) ♥ | 5¼ | 83.39 | 83.39 | 89.42 | -0.05 | 0.00 |
| Smaller Ovr Co's | 5¼ | 23.25 | 23.25 | 25.00 | -0.10 | 1.76 |
| Uzo's | 5¼ | 23.25 | 23.25 | 25.00 | -0.10 | 1.76 |
| (Accum Units) | 5¼ | 25.67 | 25.67 | 27.60 | -0.12 | 1.76 |
| Special Sits | 5¼ | 22.76 | 22.76xd | 24.47 | +0.07 | 1.06 |
| (Accum Units) | 5¼ | 24.78 | 24.78 | 26.64 | +0.06 | 1.06 |
| Tokyo ♥ | 5¼ | 61.74 | 61.74 | 65.85 | -0.76 | 0.00 |
| (Accum Units) ♥ | 5¼ | 62.36 | 62.36 | 66.51 | -0.77 | 0.00 |
| UK Equity | 5¼ | 118.10 | 118.10 | 125.90 | +0.70 | 4.85 |
| (Accum Units) | 5¼ | 203.70 | 203.70 | 217.20 | +1.20 | 4.85 |
| US Smaller Cos ♥ | 5¼ | 36.63 | 36.63xd | 39.17 | -0.75 | 0.00 |

**National Provident Inv Mgrs Ltd (2400)H**
48 Gracechurch St, EC3P 3HH 071-623 4200

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| NPI American Acc ♥ | 5 | 56.64 | 55.70 | 59.25 | -0.72 | 1.68 |
| NPI American Dist ♥ | 5 | 52.35 | 52.40 | 55.74 | -0.68 | 1.68 |
| NPI European Acc | 5 | 63.59 | 64.17 | 68.27 | -0.28 | 0.74 |
| NPI European Dist | 5 | 62.59 | 63.17xd | 67.20 | -0.28 | 0.74 |
| NPI Far East Acc ♥ | 5 | 91.67 | 91.85 | 97.71 | -0.47 | 0.30 |
| NPI Far East Dist ♥ | 5 | 91.01 | 91.19 | 97.01 | -0.46 | 0.30 |
| NPI O'seas Acc | 5 | 744.9 | 748.8 | 796.6 | -2.30 | 1.51 |
| NPI O'seas Dist | 5 | 582.4 | 585.5 | 622.9 | -1.80 | 1.51 |
| NPI UK Acc | 5 | 413.0 | 416.4 | 443.0 | +2.30 | 5.07 |
| NPI UK Dist | 5 | 229.5 | 231.3xd | 246.1 | +1.30 | 5.07 |
| NPI W'wide Acc | 5 | 58.98 | 59.95 | 63.78 | -0.22 | 0.57 |
| NPI W'wide Dist | 5 | 56.74 | 57.68xd | 61.36 | -0.21 | 0.57 |

**Royal Life Fd Mgmt Ltd (1000)H**
PO Box 34, Peterborough PE2 0BE Prices 071-410 0410
General Enq: 0733 239000 Dealing: 0733 230000

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| United States | 5 | 26.42 | 26.42 | 28.19 | -0.30 | 0.95 |
| Pacific Basin | 5 | 43.02 | 43.02xd | 45.73 | -0.20 | 0.44 |
| Equity Growth Acc | 5 | 189.1 | 189.8 | 201.9 | +1.30 | 4.44 |
| High Inc Accum | 5 | 124.4 | 124.4 | 133.0 | +1.40 | 7.45 |
| High Inc Dist | 5 | 89.23 | 89.23 | 95.43 | +1.05 | 7.45 |
| Ryl Life Intl Chary | 5¼ | 43.45 | 43.45 | 46.26 | +0.12 | 7.07 |
| Ryl Life Intl Gwth | 5¼ | 36.40 | 36.40 | 38.79 | -0.19 | 0.99 |
| Ryl Life Intl Spec | 5¼ | 34.11 | 34.11 | 36.28 | -0.81 | 0.5 |
| UK Emerging Cos | 5¼ | 52.95 | 55.31 | 58.83 | +0.26 | 3.97 |
| UK Index Tracking ♣ | 5¼ | 102.1 | 101.1xd | 107.7 | -0.80 | 5.12 |
| Jap Index Tracking | 4½ | 54.72 | 54.72 | 58.58 | -1.9 | 0 |
| European | 6 | 63.38 | 63.38xd | 68.36 | +0.05 | 0 |
| Managed | 6¼ | 74.87 | 75.93 | 81.64 | +0.14 | 2.06 |

**Royal London Unit Tst Mgrs Ltd (1000)H**
Royal Ldn Hse, Colchester CO1 1RA 0206 764400

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Growth Trusts | | | | | | |
| American Growth F | 5¼ | 75.53 | 75.53 | 80.35 | -0.82 | 2.54 |
| European Growth F | 5¼ | 65.13 | 65.13 | 69.28 | +0.08 | 2.21 |
| Far East Growth F | 5¼ | 36.90 | 37.39 | 39.78 | -0.05 | 1.87 |
| Japan Growth F | 5¼ | 99.60 | 99.60xd | 105.9 | -1.20 | 0.80 |
| Special Sits F | 5¼ | 110.9 | 110.9 | 117.9 | -0.10 | 3.93 |
| UK Growth F | 5¼ | 45.06 | 45.06 | 47.93 | +0.36 | 3.90 |
| Income Trusts | | | | | | |
| Extra Income F | 5¼ | 55.27 | 55.27 | 59.30 | +0.66 | 8.33 |
| High Income F | 5¼ | 88.66 | 88.66xd | 95.39 | +1.21 | 7.95 |
| Income & Growth F | 5¼ | 111.7 | 111.7xd | 120.1 | +1.20 | 6.45 |
| Intl Income F | 5¼ | 51.72 | 51.72 | 55.37 | -0.02 | 7.71 |
| Single Market Trusts | | | | | | |
| Dutch Growth F | 5¼ | 42.11 | 42.11 | 45.02 | +0.24 | 0.00 |
| French Growth F | 5¼ | 37.56 | 37.56xd | 40.17 | -0.35 | 0.85 |
| German Growth F | 5¼ | 38.75 | 38.75 | 41.39 | +0.12 | 0.00 |
| Italian Growth F | 5¼ | 45.43 | 45.43xd | 48.59 | +0.73 | 0.00 |
| Spanish Growth F | 5¼ | 36.78 | 36.78 | 39.28 | -0.17 | 0.58 |
| Swiss Growth F | 5¼ | 36.49 | 36.57 | 39.12 | -0.16 | 0.00 |

For Royal Trust Fund Mngmt see Commercial Union

**Save & Prosper Group (0900)H**
28 Western Rd, Romford RM1 3LB
Capital Hse, 2 Festival Sq., Edinburgh EH3 9SX
(Romford) 0708-766966 or (Edin.) 031-228 4900

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| Amer Inc & Gwth | 5½ | 40.12 | 40.12xd | 42.68 | ..... | 10.70 |
| Amer Smlr Cos | 5½ | 35.05 | 35.05 | 37.28 | -0.07 | - |
| Capital | 5½ | 96.44 | 96.44 | 102.5 | -0.3 | 1.47 |
| Commodity | 5½ | 66.30 | 66.30 | 70.53 | +0.13 | 3.23 |
| Eastern Discovery | 5½ | 49.15 | 49.15 | 52.28 | -0.52 | 0.23 |
| Energy Inds | 5½ | 82.49 | 82.49 | 87.75 | +0.66 | 2.11 |
| European Gwth | 5½ | 115.8 | 115.8xd | 123.1 | +0.3 | 0.04 |
| Euro Inc & Gwth | 5½ | 52.77 | 53.20 | 56.59 | -0.21 | 5.95 |
| Euro Smllr Co's | 5½ | 38.63 | 38.63xd | 41.09 | -0.04 | 2.88 |
| Exempt Income | 5½ | 96.70 | 96.70xd | 102.8 | +0.6 | 7.72 |
| Exempt Intl | 5½ | 59.15 | 59.15xd | 62.92 | -0.22 | 0.49 |
| Financial Secs | 5½ | 95.08 | 95.08xd | 102.1 | +0.2 | 4.45 |
| Gilt & Fxd Int Inc | 5½ | 43.85 | 43.85 | 46.39 | +0.27 | 9.88 |
| Gold & Exploration | 5½ | 32.40 | 32.40 | 34.46 | -0.29 | 2.38 |
| High Return | 5½ | 199.2 | 199.2 | 211.9 | +0.8 | 7.26 |
| High Yield | 5½ | 179.7 | 179.7 | 191.1 | +0.9 | 6.48 |
| Income | 5½ | 92.50 | 92.50 | 98.48 | +0.44 | 6.41 |
| Intl Bond | 5½ | 117.3 | 117.3 | 124.7 | +0.4 | 6.34 |
| ITU | 5½ | 111.8 | 111.8xd | 118.9 | -0.3 | 3.49 |
| Japan Growth | 5½ | 87.59 | 87.59 | 93.18 | -0.91 | - |
| Japan Smaller | 5½ | 153.1 | 153.1 | 164.8 | -2 | - |
| MasterFund | 5½ | 32.27 | 32.27 | 34.32 | +0.02 | 3.10 |
| New Technology | 5½ | 74.11 | 74.11 | 78.84 | -0.48 | - |
| Scotbits | 5½ | 138.8 | 138.8 | 147.6 | +0.3 | 2.40 |
| Scotshares | 5½ | 186.0 | 186.0xd | 197.8 | +0.3 | 5.92 |
| Scotyields | 5½ | 188.4 | 188.5 | 200.5 | +0.5 | 6.57 |
| Select Intl | 5½ | 81.37 | 81.37xd | 86.56 | -0.21 | 0.18 |
| Smaller Cos Inc | 5½ | 167.4 | 169.4 | 180.2 | +0.2 | 8.67 |

## Guide to pricing of Authorised Unit Trusts

*Compiled with the assistance of Lautro §§*

**INITIAL CHARGE:** Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

**OFFER PRICE:** Also called issue price. The price at which units are bought by investors.

**BID PRICE:** Also called redemption price. The price at which units are sold back by investors.

**CANCELLATION PRICE:** The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

**TIME:** The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

**HISTORIC PRICING:** The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

**FORWARD PRICING:** The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

**SCHEME PARTICULARS AND REPORTS:** The most recent report and scheme particulars can be obtained free of charge from fund managers.

*Other explanatory notes are contained in the last column of the FT Managed Funds Service.*

§§ Life Assurance and Unit Trust Regulatory Organisation.

[illegible]

# FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

## Target Trust Mngrs Ltd (1600)F

Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin. 0296 394000 Dealing: 0296 312156

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| American Eagle | 5 | 57.26 | 57.26 | 61.14 | -0.83 | 1.26 |
| Australia | 5 | 5.274 | 5.274 | 5.646 | -.008 | 4.72 |
| Equity | 5 | 141.1 | 141.1 | 151.5 | +0.9 | 5.08 |
| Euro Spec Sits | 5 | 97.39 | 97.39 | 104.7 | -0.1 | 0.66 |
| Financial | 5 | 24.89 | 24.89 | 26.80 | [illegible] | 5.57 |
| Global Opps Inc | 5 | 56.06 | 56.06xd | 60.25 | -0.26 | 0.00 |
| Global Opps Acc | 5 | 57.28 | 57.28 | 61.46 | -0.26 | 0.00 |
| Gold & Gen Inc | 5 | 33.68 | 33.68xd | 36.21 | -0.26 | 1.10 |
| Gold & Gen Acc | 5 | 62.96 | 62.96 | 67.70 | -0.48 | 1.10 |
| Income | 5 | 88.29 | 88.29 | 94.76 | +0.55 | 6.75 |
| Japan & General | 5 | 108.0 | 108.0 | 116.1 | -0.1 | 0.00 |
| Preference Share | 5 | 17.95 | 17.84xd | 19.16 | +0.34 | 13.85 |
| UK Capital | 5 | 77.27 | 77.27 | 83.04 | -0.23 | 4.21 |
| World Income | 5 | 53.07 | 53.07xd | 57.07 | -0.02 | 6.19 |
| Worldwide Capital | 5 | 145.7 | 145.7 | 156.8 | ... | 3.49 |

## Templeton Unit Trust Managers Ltd (1200)F

Atholl Crescent, Edinburgh EH3 8HA 031 228 3932

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| Global Growth Acc | 6 | 90.95 | 91.64 | 98.01 | -0.29 | 3.65 |
| Global Growth Inc | 6 | 87.98 | 88.05 | 94.17 | -0.27 | 3.65 |
| Global Balanced Acc | 6 | 92.89 | 93.28 | 99.77 | -0.16 | 4.80 |
| Global Balanced Inc | 6 | 86.54 | 86.90 | 92.95 | -0.15 | 4.80 |
| Value Tst Acc | 6½ | 68.14 | 69.14 | 73.94 | +0.32 | 4.60 |
| Value Tst Inc | 6½ | 66.44 | 67.41 | 72.10 | +0.32 | 4.60 |
| Intl Fin & Ch'ties Inc ♥ | 2 | 85.68 | 86.97 | 91.30 | +0.52 | 3.97 |
| Intl Fin & Ch'ties Acc ♥ | 2 | 82.68 | 83.92 | 88.10 | +0.5 | 3.97 |

## Thornhill Unit Trust Managers Ltd (1200)F

28 St John's Sq, London EC1M 4AE 071-251 6767

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| Capital | 5 | 47.08 | 47.27 | 50.28 | +2.37 | — |
| Overseas | 5 | 39.44 | 39.63 | 42.15 | -0.09 | — |

## Thornton Unit Managers Ltd (1900)F

33 Cavendish Sq., London W1M 0DH 071-493 7262
Dealing 071-493 8545

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or − | Yield Gr's |
|---|---|---|---|---|---|---|
| American Opps | 5 | 41.00 | 41.00 | 43.72 | -0.61 | 0.26 |
| (Accum Units) | 5 | 42.19 | 42.19 | 44.99 | -0.43 | 0.26 |

## Murray Johnstone UT Mngmt

Murray Exempt Funds

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Amer Expt Nov 13 | 37.4 | 38.8 | ... | 2.73 |
| Euro Expt Nov 13 | 46.9 | 49.2 | ... | 2.56 |
| Fixed Int Ex Nov 13 | 44.5 | 45.7 | +0.50 | 10.42 |
| Japan Expt Nov 13 | 39.1 | 40.8 | ... | 0.72 |
| Managed Ex Nov 14 | 37.4 | 38.8xd | +0.90 | 4.92 |
| SE Asia Expt Nov 13 | 54.7 | 57.4xd | ... | 4.17 |
| Sm Cos Expt Nov 13 | 27.8 | 29.1xd | ... | 5.63 |
| UK Eqty Ex Nov 13 | 35.7 | 37.4 | ... | 4.10 |

## Phillips & Drew Fund Management Ltd

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Small Co's Nov 6 | 589.8 | 632.3xd | — | 5.89 |
| Do Accum | 656.0 | 703.2 | ... | 5.89 |
| Int Expt Nov 7 | 144.3 | 146.5 | ... | 4.7 |
| UK Index Nov 6 | 960.6 | 982.0 | ... | 6.06 |
| Do Accum | 1016 | 1037 | ... | 6.06 |
| Convertible Nov 16 | 78.09 | 80.66 | ... | 9.74 |
| World ex UK Index Nov 19 | 636.60 | 645.20 | ... | 2.15 |
| Do Accum | 642.86 | 661.56 | ... | 2.15 |
| Japan Index Nov 19 | 512.40 | 519.90 | ... | 0.55 |
| Do Accum | 513.40 | 520.80 | ... | 0.55 |
| USA Index Nov 19 | 733.1 | 737.80 | ... | 3.53 |
| Do Accum | 743.4 | 748.1 | ... | 3.53 |
| Europe ex UK Index Nov 19 | 791.50 | 811.0 | ... | 3.14 |
| Do Accum | 803.80 | 823.50 | ... | 3.14 |
| Pacific ex Jap Index Nov 19 | 715.00 | 739.40 | ... | 5.44 |
| Do Accum | 728.5 | 749.2 | ... | 5.44 |
| Mangd Exempt Nov 11 | 88.1 | 89.74 | ... | 5.58 |
| American Exempt Nov 14 | 98.97 | 100.5 | — | 4.54 |
| European Exempt Nov 14 | 101.5 | 102.8 | ... | 5.00 |
| Japan Exempt Nov 14 | 102.1 | 103.3 | ... | 2.01 |
| Pacific Basin Nov 7 | 96.46 | 98.76 | ... | 5.05 |

## NM Rothschild Asset Management Ltd

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| NC Managed | 52.5 | 55.9xd | +0.3 | 4.34 |
| NC Property | 174.3 | 191.2 | ... | — |

## J. Rothschild Fund Managers Ltd

## INSURANCES

## The Life Association of Scotland

113 Dundas St Edinburgh EH3 5EB 031-550 5000
LAS Investment Assurance

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| Managed Fund | 214.2 | 225.4 | +0.8 | — |
| UK Equity | 366.9 | 386.3 | +3.0 | — |
| Property | 274.5 | 289.0 | | — |
| Money Market | 202.8 | 213.5 | +0.1 | — |
| Fixed Interest | 227.1 | 239.1 | +0.5 | — |
| Japan | 269.8 | 284.0 | -1.9 | — |
| North America | 85.1 | 89.6 | -0.9 | — |
| International | 166.3 | 175.1 | +0.1 | — |
| European | 163.2 | 171.8 | | — |

## Merchant Investors Assurance Co Ltd – Contd.

| | Bid Price | Offer Price | + or − | Yield Gross |
|---|---|---|---|---|
| MI Gar British Gwth | 189.7 | | +0.8 | — |
| MI Gar Special Sits | 105.9 | | +0.6 | — |
| MI Gar Smaller Co's | 130.6 | | +0.4 | — |
| MI Gar Australian | 58.0 | | +0.4 | — |
| MI Gar Int Sel Opps | 84.6 | | | — |
| MI Gar UK & Int Rec | 78.0 | | | — |
| MI Gar Euro Sel Opps | 116.7 | | +0.6 | — |
| MI Gar Am Emer Gwth | 87.9 | | -0.6 | — |
| MI Gar Prac Invmnt | 98.6 | | -0.7 | — |
| MI Gar Extra Income | 96.2 | | +0.6 | — |

## OTHER UK UNIT TRUSTS

Continued on next page

# FT MANAGED FUNDS SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 071-925-2128

### National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Managed | 304 0 | 320 1 | +0 6 | - |
| UK Equity | 382 5 | 402 5 | +1 9 | - |
| Overseas Eq | 286 0 | 301 1 | -0 8 | - |
| Americas | 207 1 | 218 0 | -3 7 | - |
| Far East | 295 6 | 311 2 | -1 4 | - |
| Property | 192 7 | 202 9 | +0 1 | - |
| Fixed Int | 236 1 | 248 6 | +0 8 | - |
| Indexed Gilt | 148 7 | 156 6 | +0 4 | - |
| Deposit | 172 6 | 181 7 | | - |
| **Pension Fund (Accum Units)** | | | | |
| Managed | 421 0 | 443 2 | +0 9 | - |
| UK Equity | 488 7 | 514 5 | +2 9 | - |
| Overseas Eq | 467 5 | 492 2 | -4 2 | - |
| Americas | 273 1 | 287 5 | -3 6 | - |
| Far East | 492 5 | 518 5 | -1 8 | - |
| Property | 239 5 | 252 2 | +0 2 | - |
| Fixed Int | 387 0 | 302 2 | +1 0 | - |
| Indexed Gilt | 163 5 | 172 2 | +0 4 | - |
| Deposit | 237 6 | 250 2 | -0 1 | - |
| **NPI Pensions Management Ltd** | | | | |
| Managed Fund | 1928 8 | 945 4 | | - |

Prices Nov 1 Next dealing Dec 3

### Norwich Union Asset Management Ltd
PO Box 140 Norwich NR3 1PP 0603 686787

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **NUAM Funds** | | | | |
| Managed Fund | 61 8 | 65 1 | +0 3 | - |
| Stock Market Mngt Fund | 58 0 | 61.1 | +0 2 | - |
| Equity Fund | 66 9 | 70 4 | +0 9 | - |
| International Fund | 50 3 | 53 0 | -0 2 | - |
| European Fund | 61 4 | 64 7 | +0 1 | - |
| North American Fund | 47 9 | 50.5 | -0 5 | - |
| Pacific Fund | 50 1 | 52 8 | -0 2 | - |
| Property Fund | 86 8 | 91 4 | +0 1 | - |
| Fixed Interest Fund | 53 5 | 56 3 | +0 2 | - |
| Index Linked Sec Fund | 60 4 | 63 6 | +0 2 | - |
| Deposit Fund | 66 2 | 69 7 | | - |
| **NUAM Retirement Plans** | | | | |
| Mixed Fund | 67 1 | 70 7 | +0 3 | - |
| UK Ordinary Share Fd | 77 1 | 81 2 | +0 6 | - |
| International Fund | 54 5 | 57 4 | -0 1 | - |
| Property Fund | 84.0 | 88 5 | +0 1 | - |
| Fixed Interest Fund | 64 0 | 67 4 | +0 3 | - |
| Index Linked Sec Fund | 63 8 | 67 2 | +0 2 | - |
| Deposit Fund | 77 0 | 81 0 | | - |
| **NUAM (MF)** | | | | |
| Managed Fund | 874 5 | 920 6 | +2 9 | - |
| Equity Fund | 1840 7 | 1937 6 | +12 5 | - |
| International Fund | 132 9 | 139 9 | -0 6 | - |
| Property Fund | 549 3 | 578 3 | +0 3 | - |
| Fixed Interest Fund | 401 2 | 422 4 | +1 9 | - |
| Index Linked Sec Fund | 61 5 | 64 8 | +0 2 | - |
| Deposit Fund | 272 3 | 286 7 | -0 1 | - |

### Norwich Union Life Insurance Soc.

### Providence Capital Life Asse. Co Ltd – Contd.

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Total Investment Bond** | | | | |
| UK Equity Initial | | 133 6 | +0 8 | - |
| UK Fixed Int Initial | | 109 6 | +0 5 | - |
| Intl Equities Initial | | 102 4 | +0.4 | - |
| UK Managed Initial | | 106 6 | +0.5 | - |
| Property Initial | | 164 5 | | - |
| Money Initial | | 84 6 | +0 1 | - |
| Special Market Initial | | 94 2 | -0 2 | - |
| Japan Equity Initial | | 70 6 | -0 4 | - |
| North American Initial | | 61 9 | -0 6 | - |
| Pacific Initial | | 58 2 | -0 1 | - |
| Technology Initial | | 79 9 | -0.1 | - |
| Nat Resources Initial | | 41 1 | +0.3 | - |
| European Initial | | 83 0 | -0 1 | - |
| Residential Prop Init | | 93.7 | | - |
| Swiss Equities Initial | | 30 1 | | - |
| Hong Kong Initial | | 43 7 | | - |
| UK High Inc Eq Init | | 59 9 | -0 3 | - |
| Int Fixed Interest Init | | 50.2 | +0 2 | - |
| Int Managed Init | | 49 3 | +0 1 | - |
| HIP Managed Init | | 95.7 | +0.5 | - |
| HIP Managed II Initial | | 85 7 | +0 3 | - |
| **Broker Funds** | | | | |
| High Performance | 61 3 | 64 6 | +0 2 | - |
| Towermil Mngd Fd Acc | 34.6 | 36 4 | +1 1 | - |
| YRA Executive Fd | 82 2 | 86 7 | -0 1 | - |
| £ Global Growth Acc | 110 4 | 116 4 | +0.4 | - |
| £ High Income Money Acc | 133 1 | 140 4 | +0 2 | - |
| IM Balanced | | 46.5 | +0 2 | - |
| H F Speculator Fd | | 113 6 | +0 1 | - |
| PEP Accum II | | 102 8 | +0 2 | - |
| PEP Cautionary | | 67 0 | | - |
| AAFS Int Man Fund | | 109 0 | +0 2 | - |
| Anderson-Green Inv Port | | 75 3 | | - |
| **Individual Pension Funds** | | | | |
| UK Equity Acc | 211 0 | 222 6 | +1 4 | - |
| UK Fixed Interest Acc | 199 4 | 210 4 | +1.2 | - |
| Intl Equities Acc | 191 6 | 202 2 | +0 9 | - |
| UK Managed Acc | 167 9 | 177 1 | +0 9 | - |
| Property Acc | 209 7 | 221 3 | | - |
| Money Acc | 150.9 | 159 2 | | - |
| Special Market Acc | 189 7 | 200 2 | -0 4 | - |
| Japan Equity Acc | 143 1 | 151 0 | -0 7 | - |
| North American Acc | 97 6 | 103 0 | -0 9 | - |
| Pacific Acc | 139 2 | 146 9 | -0 4 | - |
| Technology Acc | 128 0 | 135 1 | | - |
| Natural Resources Acc | 80 5 | 85 0 | +0 6 | - |
| European Acc | 105 7 | 111 6 | -0 1 | - |
| Residential Prop Acc | 103 9 | 109 6 | | - |
| Swiss Equities Acc | 31 3 | 33 1 | | - |
| Hong Kong Acc | 45 9 | 48 5 | -0 2 | - |
| UK High Inc Eqs Acc | 67 3 | 71 0 | +0 5 | - |
| Int Fixed Interest Acc | 54 6 | 57 6 | +0 3 | - |
| Int Managed Acc | 51 1 | 53 9 | +0 3 | - |
| **Group Pension Funds** | | | | |

### Sun Alliance International Life
PO Box 77, New St, St Peter Port, Guernsey 0481 714108

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| North American Equity $ | $7 99 | 8 61 | - | - |
| Pacific Equity $ | $7.42 | 7.99 | | - |
| Intl Currency $ | $4 24 | 4.57 | | - |
| Intl Bond Fund $ | $6.89 | 7.42 | | - |
| Gilt Fund £ | £3.96 | 4.27 | | - |
| US Dollar Mngd Fd $ | $1 61 | 1.73 | | - |
| Stlg Managed Fd £ | £0.98 | 1 05 | | - |

### Target International Group
1 rue Emile Bian, Luxembourg Tlx 2809 Tel 4050751

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Sterling Pens Plan | £0 68 | 0 73 | | - |
| US Dollar Pens Plan | $0 71 | 0.76 | | - |
| Yen Pens Plan | Y234 | 251 | | - |
| Ecu Pens Plan | Ecu0 61 | 0.66 | | - |
| Sterling Man Fd | £0 95 | 1.00 | | - |
| Sterling Fixed Int Fd | £1.55 | 1.64 | | - |
| US Dollar Man Fd | $1 17 | 1.24 | | - |
| US Dollar Fixed Int Fd | $1.40 | 1.48 | | - |
| Ecu Bond Fd | Ecu1.07 | 1 14 | | - |
| Davenport Chiltch £ Fd | £0.77 | 0.84 | | - |
| Davenport Chiltch $ Fd | $0 48 | 0.52 | | - |
| Davenport Chad £ F.I. | £1.07 | 1 16 | | - |
| LWI Universal Stg Mgd | £0.77 | 0 79 | | - |
| LWI Universal $ Mngd | $0 63 | 0 66 | | - |
| Matheson £ Pens | £0.75 | 0.79 | | - |
| Matheson $ Pens | $0.80 | 0 85 | | - |
| EDM MIM £ | £0 84 | 0 91 | | - |
| EDM MIM $ | $0 94 | 1.02 | | - |
| Royal Wessex Fund | £0 71 | 0 746 | | - |
| Wessex Special Sits | £1 00 | 1 042 | | - |
| Proinco $ Managed | $0 92 | 0 964 | | - |
| Proinco £ Managed | £0.98 | 1 029 | | - |
| Argent Stg Blncd | | £10 50 | | - |
| Argent Stg Eqty Gth | | £11 05 | | - |
| CFS/James Cand Mgd Gr £ | | £1 02 | | - |
| CFS/James Cand Mgd Gr $ | | $1.11 | | - |
| CFS Aggressive $ | | $0.90 | | - |
| CFS Mngd Growth $ | | $1 15 | | - |
| CFS DM Balanced Port | | $1.14 | | - |
| Mgd Composite No 1 | $0 86 | 0.93 | | - |
| Mgd Composite No 2 | $0.91 | 0 99 | | - |
| Zero Bd Mgd Comp | $0.98 | 1.06 | | - |
| Zero Bond Mgd Comp 2 | $0 94 | 1 02 | | - |
| Japan Mngd Comp | Y960 | 1027 | | - |
| Environment Mgd Comp | $0 82 | 0.89 | | - |
| CH 10 | SFr1.07 | 1 15 | | - |
| LX 10 | $1.08 | 1.17 | | - |

### J. D. Ward Financial Services Ltd
9 Kingsway London WC2 [illegible] 071-836 4721

| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| Target Mngd Bond | 185 0 | 195 4 | +1 3 | - |
| Target Mngd Pension | 122 7 | 128 7 | +0 5 | - |
| Albany Life Acc | 166 3 | 174 9 | +0 1 | - |
| Albany Pen Acc | 205 9 | 216 7 | +0 6 | - |

# OFFSHORE AND OVERSEAS

## BERMUDA (SIB RECOGNISED)

| | Init Chrge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Orion Fund Limited** 6 Front St. Hamilton HM11 Bermuda 809 295 4000 | | | | | | |
| Orion | | | $- 9 3538 | | | - |

## CANADA (SIB RECOGNISED)

**Ivory & Sime Pembroke Inc**
UK Agent: Ivory & Sime Plc, One Charlotte Square, Edinburgh EH2 4DZ 031 225 1357

| | | | Bid Price | Offer Price | + or - | Yield |
|---|---|---|---|---|---|---|
| CBC Nth America Inc | | C$- | 2 56 | | | - |
| Approx Stlg Equiv | | £- | 1 11 | | | - |

*Dealing Thursdays-Forward Redemption Fee 1%

## GUERNSEY (SIB RECOGNISED)

### Adams & Neville Fd Mangt (Guernsey) Ltd

## OFFSHORE INSURANCES

## MANAGEMENT SERVICES

## GUERNSEY (REGULATED)**

# FT MANAGED FUNDS SERVICE

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| | Bid Price | Offer Price | + or - | Yield Gross |
|---|---|---|---|---|
| **Dantrust Management (Guernsey) Ltd** | | | | |
| Dantrust Limited | DKr117 0 | 117.21 | +0.9 | – |
| **Fipart-Cassell Fund Mngrs (Guernsey) Ltd** | | | | |
| Hambro G & B Fd | SFr7.80 | 7.85 | .... | 2.30 |
| **John Govett Mngmnt International Ltd** | | | | |
| Govett High Inc Gilt | £0.3536 | 0.3767 | +0.005 | 13 01 |
| Govett Far East Inv | $0.894 | 0.956 | -0.004 | – |
| Energy & Resources | $0.659 | 0.704 | | – |
| **Hambros Fund Managers (CI) Ltd** | | | | |
| Japanese OTC | $8.9370 | 9.5125 | .... | – |
| **Havelet Throgmorton Mngmt Ltd** | | | | |
| Intl Inv-Stlg High Inc | 19.985 | 10.538 | .... | 10.09 |
| Intl Inv-Intl High Inc | $49.160 | 51.759 | .... | 5.54 |
| **Henderson Admin. (Guernsey)** | | | | |
| Balanced Gwth $ Prtflo | $1.817 | 1.963 | (z) | – |
| Balanced Gwth £ Prtflo | £1.043 | 1.119 | (z) | – |
| Select Mkts $ Prtflo | $1.837 | 1.986 | (z) | – |
| Inc & Gwth $ Prtflo | $1.691 | 1.790 | (z) | – |
| High Income £ Prtflo | £0.599 | 0.630 | (z) | – |
| **Hill Samuel Fd. Mngrs. (Guernsey) Ltd** | | | | |
| Guernsey Tst | 65.31 | 69.85 | +0.45 | 2.87 |
| **Kleinwort Benson Intl Fd Mngrs Ltd** | | | | |
| KB Int.Ac.Bd Acc* | £8.688 | 9.149 | .... | – |
| KB Japan Fund | $210 49 | | .... | – |
| KB Sterling Asset | £29.37 | 29.37 | .... | – |
| *Offer price inclusive of maximum preliminary charge | | | | |
| **Kleinwort Benson Islamic Fd Mgmt Ltd** | | | | |
| Islamic Fund | $5.75 | 6.15 | .... | 0.40 |
| **Lazard Fund Managers (CI) Ltd** | | | | |
| Lazard Gen. Gwth Bond | $3063.11 | 3023.58 | .... | – |
| Lazard Cur Acc Fd £ | £18.76 | 18.79 | .... | 7.8 |
| Lazard Cur Acc Fd US$ | $14.68 | 14.69 | .... | 13.5 |
| Lazard Cur Acc Fd Y | Y3,820 | 3,830 | .... | 6.9 |
| Lazard Cur Acc Fd DM | DM51.47 | 51.48 | .... | 6.9 |
| Lazard Cur Acc Fd SF | SFr37.14 | 37.15 | .... | 7.3 |
| Lazard Cur Acc Fd FF | FFr158.57 | 158.58 | .... | 7.1 |
| Lazard Cur Acc Fd Man | $19 69 | 16.49 | .... | 8.75 |
| Lazard D'fied Bnd (Inc) | $19.49 | 20.54 | .... | – |
| Lazard D'fied Bnd (Acc) | $25.02 | 26.36 | .... | 8.5 |
| Lazard European Fund | $46.59 | 49.37 | .... | – |
| Lazard Far East | $52.37 | 55.74 | .... | 1.0 |
| Lazard Global Equity | $25.56 | 27.19 | .... | – |
| Lazard Int Inc $ (Inc) | $1013.37 | 1068.28 | .... | 7.47 |

| | Init Charge | Canc. Price | Bid Price | Offer Price | + or - | Yield Gr's |
|---|---|---|---|---|---|---|
| **Capital House Fund Mgrs – Contd.** | | | | | | |
| Bonds | | | | | | |
| Sterling Bond | 5 | £1.400 | 1 400 | 1.476 | | – |
| International Bond | 5 | $1.850 | 1 850 | 1.952 | | – |
| Currencies | | | | | | |
| £ Sterling | 0 | £24.83 | 24.83 | | +0.02 | 14.02 |
| US$ | 0 | $18.91 | 18.91 | | .... | 6.52 |
| Japanese Yen | 0 | Y3,604 | 3,604 | | .... | 6.52 |
| D Marks | 0 | | 58.13 | | +0.02 | 6.79 |
| Swiss Francs | 0 | | 51 11 | | +0.01 | 6.44 |
| Fr Francs | 0 | | 228.4 | | .... | 8.32 |
| Ecu's | 0 | | 27.17 | | +0.01 | 8 44 |
| Managed | | | | | | |
| Intl Portfolio | 5 | $1.638 | 1.664 | 1.756 | | – |
| Managed Currency | 5 | $2.103 | 2.103 | 2.214 | | – |

**Gartmore Fund Managers International Ltd**
PO Box 278, 45 La Motte St., Jersey 0534 27535

**John Govett (Channel Islands) Ltd (1000)F**
PO Box 443, St. Helier, Jersey 0534 75141

## IRELAND (SIB RECOGNISED)

## ISLE OF MAN (SIB RECOGNISED)

## ISLE OF MAN (REGULATED)(**)

## JERSEY (SIB RECOGNISED)

## JERSEY (REGULATED)(**)

## LUXEMBOURG (SIB RECOGNISED)

## LUXEMBOURG (REGULATED)(**)

## SWITZERLAND (SIB RECOGNISED)

## OTHER OFFSHORE FUNDS

### MANAGED FUNDS NOTES

# CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

# Pound rallies against D-Mark

THERE WAS no indication yesterday that any change of UK prime minister would be bad for sterling.

After falling overnight in New York and the Far East, on the lack of a clear winner in Tuesday's poll for leadership of the ruling Conservative party, the pound rallied in European trading. This was despite reports that support for Mrs Margaret Thatcher among her own party might be slipping away.

Dealers said that the doubt over Mrs Thatcher's position as prime minister was unsettling for sterling, but that if opinion polls are right that her challenger, Mr Michael Heseltine, has a better chance of keeping the Conservatives in office at the next general election, this could not be regarded as bad for the pound.

Sterling rose in late London trading, to finish around its highest level of the day against the D-Mark, partly on speculation that the present political uncertainty will delay any cut in UK bank base rates. Fear of intervention by the Bank of England also lifted the pound.

It may face a further test today from economic news. Data on UK trade are expected to show an October current account deficit of £1bn, widening from £845m in September.

At last night's close in London sterling had fallen 15 points to $1.9685, against a generally strong dollar, and had declined to Y251.25 from Y254.00. On the other hand it had improved to DM2.9175 from DM2.9100; to FFr9.8425 from FFr9.8150; and to SFr2.4625 from SFr2.4575. Its index fell 0.2 to 94.0. The pound remained the weakest member of the European Monetary System, but was not under any pressure.

Foreign exchange trading was generally quiet, with Frankfurt closed for a public holiday. There was also little inclination to take out positions ahead of today's Thanksgiving holiday in the US and a holiday in Japan tomorrow.

Within the EMS exchange rate mechanism the D-Mark was generally strong. It rose to FFr3.3763 from FFr3.3718 at the Paris fixing, but eased to L752.04 from L752.70 against the lira in Milan, as Italian interest rates firmed.

The dollar gained ground against European currencies, but weakened in terms of the Japanese yen. Speculation about a possible further easing of the US Federal Reserve's monetary stance pushed the dollar lower in Tokyo, but US dealers said lower US interest rates were already discounted.

Action by the Fed yesterday, adding liquidity to the New York banking system, via five-day system repurchase agreements, was regarded as technical. Fed funds were trading at the assumed target rate of 7½ per cent at the time.

In London the dollar rose to DM1.4815 from DM1.4770; to FFr5.0000 from FFr4.9825; and to SFr1.2515 from SFr1.2470, but it fell to Y127.60 from Y128.90. Its index declined to 59.8 from 60.0.

### £ IN NEW YORK

| Nov 21 | Latest | Previous Close |
|---|---|---|
| £ Spot | 1.9685-1.9695 | 1.9650-1.9660 |
| 1 month | 1.02-1.00pm | 1.00-0.98pm |
| 3 months | 2.65-2.63pm | 2.69-2.66pm |
| 12 months | 7.90-7.80pm | 8.00-7.90pm |

Forward premiums and discounts apply to the US dollar

### STERLING INDEX

| | Nov 21 | Previous |
|---|---|---|
| 8.30 am | 93.8 | 94.1 |
| 9.00 am | 93.9 | 94.1 |
| 10.00 am | 93.8 | 94.1 |
| 11.00 am | 93.9 | 94.2 |
| Noon | 93.9 | 94.2 |
| 1.00 pm | 93.8 | 94.2 |
| 2.00 pm | 93.8 | 94.2 |
| 3.00 pm | 94.0 | 94.1 |
| 4.00 pm | 94.0 | 94.2 |

### CURRENCY MOVEMENTS

| Nov 21 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 94.0 | -18.3 |
| U S Dollar | 59.8 | [illegible] |
| Canadian Dollar | [illegible] | -[illegible] |
| Austrian Schilling | [illegible] | [illegible] |
| Belgian Franc | [illegible] | [illegible] |
| Danish Krone | [illegible] | [illegible] |
| D-Mark | [illegible] | [illegible] |
| Swiss Franc | [illegible] | [illegible] |
| Dutch Guilder | [illegible] | [illegible] |
| French Franc | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Nov 20

### CURRENCY RATES

| Nov 21 | Bank rate % | Special* Drawing Rights | European † Currency Unit |
|---|---|---|---|
| Sterling | - | 0.735207 | 0.705873 |
| U S Dollar | 7 | 1.44980 | 1.38775 |
| Canadian $ | 12.52 | 1.68148 | 1.60615 |
| Austrian Sch | 6½ | 15.0475 | 14.4231 |
| Belgian Franc | 10¼ | 44.2080 | 42.3401 |
| Danish Krone | 10½ | 8.2316 | 7.86852 |
| D-Mark | 6.00 | 2.13960 | 2.04929 |
| Dutch Guilder | 7.25 | 2.41392 | 2.31165 |
| French Franc | 10¼ | 7.21783 | 6.91722 |
| Italian Lira | 12½ | 1611.38 | 1540.81 |
| Japanese Yen | 6 | 187.097 | 177.007 |
| Norway Krone | 9 | 8.37959 | 8.01562 |
| Spanish Peseta | - | 135.894 | 130.101 |
| Swedish Krona | 11 | 8.03538 | 7.68812 |
| Swiss Franc | 6.00 | 1.80863 | 1.72983 |
| Greek Drach | 20½ | N/A | 210.480 |
| Irish Punt | - | N/A | 0.765907 |

† European Commission Calculations
* All SDR rates are for Nov 20

### OTHER CURRENCIES

| Nov 21 | £ | $ |
|---|---|---|
| Argentina | 10226.3 - 10251.2 | 5195.00 - 5205.00 |
| Australia | 2.5720 - 2.5740 | 1.3055 - 1.3065 |
| Brazil | 240.155 - 244.220 | 122.00 - 124.00 |
| Finland | 6.9835 - 6.9970 | 3.5460 - 3.5490 |
| Greece | 295.05 - 299.80 | 149.95 - 152.35 |
| Hong Kong | 15.3315 - 15.3455 | 7.7840 - 7.7860 |
| Iran | 125.50* | 63.55* |
| Korea(Sth) | 1390.75 - 1413.20 | 711.60 - 717.20 |
| Kuwait | N/A | N/A |
| Luxembourg | 60.00 - 60.10 | 30.45 - 30.55 |
| Malaysia | 5.2655 - 5.2785 | 2.6790 - 2.6810 |
| Mexico | 5779.00 - 5782.85 | 2935.00 - 2945.00 |
| N.Zealand | 3.2130 - 3.2180 | 1.6310 - 1.6330 |
| Saudi Ar | 7.3445 - 7.3855 | 3.7490 - 3.7510 |
| Singapore | 3.3716 - 3.3795 | 1.7130 - 1.7140 |
| S.Af (Cm) | 4.9545 - 4.9650 | 2.5190 - 2.5205 |
| S.Af (Fn) | 6.7755 - 6.8960 | 3.4420 - 3.5030 |
| Taiwan | 53.55 - 53.65 | 27.20 - 27.25 |
| U.A.E. | 7.1935 - 7.2340 | 3.6720 - 3.67[illegible] |

* Selling rate

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu Central Rates | Currency Amounts Against Ecu Nov 21 | % Change from Central Rate | % Spread vs Weakest Currency | Divergence Indicator |
|---|---|---|---|---|---|
| Spanish Peseta | 133.631 | 130.101 | -2.64 | 4.04 | 46 |
| D-Mark | 2.05586 | 2.04929 | -0.32 | 1.61 | 23 |
| Dutch Guilder | 2.31643 | 2.31165 | -0.20 | 1.49 | 12 |
| Irish Punt | 0.767417 | 0.765907 | -0.20 | 1.49 | 11 |
| Belgian Franc | 42.4032 | 42.3401 | -0.15 | 1.44 | 9 |
| Italian Lira | 1538.24 | 1540.81 | 0.17 | 1.12 | -6 |
| French Franc | 6.89509 | 6.91722 | 0.32 | 0.96 | -15 |
| Danish Krone | 7.84195 | 7.86852 | 0.34 | 0.94 | -14 |
| Sterling | 0.696904 | 0.705873 | 1.29 | 0.00 | -25 |

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times

### POUND SPOT - FORWARD AGAINST THE POUND

| Nov 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.9640 - 1.9715 | 1.9680 - 1.9690 | 1.01-0.99cpm | 6.10 | 2.67-2.64pm | 5.39 |
| Canada | 2.2760 - 2.2850 | 2.2825 - 2.2835 | 0.30-0.24cpm | 1.42 | 0.59-0.52pm | 0.97 |
| Netherlands | 3.2700 - 3.2925 | 3.2825 - 3.2925 | 1⅝-1½cpm | 5.48 | 3⅞-3¾pm | 4.64 |
| Belgium | 59.75 - 60.25 | 60.00 - 60.10 | 27-24cpm | 5.10 | 70-63pm | 4.43 |
| Denmark | 11.1200 - 11.2000 | 11.1625 - 11.1725 | 3¼-3⅛orepm | 3.76 | 9¼-8⅞pm | 3.16 |
| Ireland | 1.0790 - 1.0930 | 1.0875 - 1.0885 | 0.35-0.30cpm | 3.58 | 0.87-0.7[illegible]pm | 2.96 |
| Germany | 2.8955 - 2.9200 | 2.9150 - 2.9200 | 1⅝-1½pfpm | 6.17 | 3⅝-3½pm | 4.54 |
| Portugal | 254.75 - 256.20 | 254.60 - 255.90 | 19-41cdis | -1.41 | 159-219dis | -1.95 |
| Spain | 183.95 - 185.00 | 184.45 - 184.75 | 17-23cdis | -1.30 | 45-54dis | -1.07 |
| Italy | 2180.10 - 2192.00 | 2190.50 - 2191.50 | 3-2lirepm | 1.37 | 7-5pm | 1.10 |
| Norway | 11.3385 - 11.3985 | 11.3575 - 11.3675 | 2⅝-2⅛orepm | 2.51 | 5⅞-5⅛pm | 1.96 |
| France | 9.7860 - 9.8490 | 9.8375 - 9.8475 | 3⅝-3⅜cpm | 4.19 | 8⅞-8⅝pm | 3.56 |
| Sweden | 10.8825 - 10.9270 | 10.8950 - 10.9050 | ⅛-⅞oredis | -0.69 | 3⅛-3⅞dis | -1.31 |
| Japan | 250.75 - 251.75 | 250.75 - 251.75 | 1⅛-1ypm | 5.37 | 3⅛-3pm | 4.88 |
| Austria | 20.39 - 20.48 | 20.44 - 20.47 | 9-8⅛gropm | 5.02 | 23¼-21⅞pm | 4.38 |
| Switzerland | 2.4475 - 2.4675 | 2.4575 - 2.4675 | 1⅛-1cpm | 5.18 | 3-2⅞pm | 4.11 |
| Ecu | 1.4075 - 1.4160 | 1.4135 - 1.4145 | 0.50-0.47cpm | 4.12 | 1.18-1.13pm | 3.27 |

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.63-4.58cpm. 12 Month 7.25-7.15cpm

### DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

| Nov 21 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.9640 - 1.9715 | 1.9680 - 1.9690 | 1.01-0.99cpm | 6.10 | 2.67-2.64pm | 5.39 |
| Ireland† | 1.8090 - 1.8170 | 1.8090 - 1.8100 | 0.76-0.71cpm | [illegible] | 1.14-1.04pm | 2.41 |
| Canada | 1.1565 - 1.1665 | 1.1580 - 1.1590 | 0.43-0.45cdis | [illegible] | [illegible] | -4.11 |
| Netherlands | 1.6695 - 1.6715 | 1.6700 - 1.6710 | [illegible] | -0.54 | 0.29-0.33dis | -0.74 |
| Belgium | 30.35 - 30.55 | 30.45 - 30.55 | [illegible] | [illegible] | 5.00-9.50dis | -1.02 |
| Denmark | 5.6500 - 5.6750 | 5.6700 - 5.6750 | [illegible] | -2.25 | 2.90-3.50dis | -2.25 |
| Germany | 1.4705 - 1.4825 | 1.4810 - 1.4820 | [illegible] | -0.40 | 0.31-0.34dis | -0.88 |
| Portugal | 129.85 - 130.05 | 129.85 - 129.95 | 97-107cdis | [illegible] | 310-340dis | -9.47 |
| Spain | 93.40 - 93.90 | 93.80 - 93.90 | 52-55cdis | [illegible] | 150-160dis | -6.61 |
| Italy | 1107.20 - 1113.25 | 1112.75 - 1113.25 | 4.20-4.70liredis | [illegible] | 11.50-12.50dis | -4.31 |
| Norway | 5.7575 - 5.7900 | 5.7700 - 5.7750 | 1.45-1.65oredis | [illegible] | 4.65-5.15dis | -3.40 |
| France | 4.9650 - 5.0025 | 4.9975 - 5.0025 | 0.77-0.82cdis | -1.91 | 2.22-2.32dis | -1.82 |
| Sweden | 5.5250 - 5.5425 | 5.5350 - 5.5400 | 3.23-3.55oredis | -7.35 | [illegible] | -6.94 |
| Japan | 127.20 - 127.70 | 127.55 - 127.65 | 0.03-0.05ydis | -0.38 | 0.08-0.11dis | -0.30 |
| Austria | 10.3500 - 10.3925 | 10.3875 - 10.3925 | 0.75-1.10grodis | -1.07 | 2.30-3.30dis | -1.08 |
| Switzerland | 1.2420 - 1.2520 | 1.2510 - 1.2520 | 0.04-0.07cdis | -0.53 | 0.17-0.23dis | -0.64 |
| Ecu† | 1.3925 - 1.4200 | 1.3920 - 1.3930 | 0.24-0.23cpm | 2.03 | 0.75-0.73pm | 2.15 |

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

### EURO-CURRENCY INTEREST RATES

| Nov 21 | Short term | 7 Days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | 14¼ - 14 | 14¼ - 14⅛ | 14⅛ - 14 | 13⅞ - 13¾ | 13⅛ - 13 | 12⅝ - 12½ |
| US Dollar | [illegible] | 7⅝ - 7½ | [illegible] | 8⅛ - 8 | 8 - 7⅞ | 7⅞ - 7¾ |
| Can. Dollar | N/A | 12⅝ - 12½ | 12⅝ - 12½ | 12⅛ - 11⅞ | 11⅞ - 11⅝ | 11⅞ - 11⅝ |
| Dutch Guilder | N A | 8⅝ - 8½ | 8⅝ - 8½ | 8⅝ - 8½ | [illegible] | 9⅛ - 9 |
| Swiss Franc | 8⅝ - 8½ | 8⅝ - 8½ | 8⅝ - 8½ | 9⅛ - 9 | 8⅝ - 8½ | 8⅞ - 8¾ |
| D-Mark | 8⅛ - 8 | 8⅛ - 8 | [illegible] | [illegible] | [illegible] | 9¼ - 9 |
| French Franc | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 9⅝ - 9½ | 10 - 9⅞ | 10⅛ - 10 |
| Italian Lira | 13 - 11 | 13⅛ - 12⅝ | 12⅞ - 12⅝ | 12⅝ - 12⅜ | 12⅛ - 11⅞ | 12⅛ - 11⅞ |
| Belgian Franc | 8¾ - 8⅝ | 8⅞ - 8¾ | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 | 9⅛ - 9 |
| Yen | 8⅛ - 8 | 8⅛ - 8 | 8⅛ - 8 | 8⅛ - 8 | [illegible] | 8⅛ - 8 |
| Danish Krone | 9½ - 9¼ | 9½ - 9¼ | 10¼ - 10 | 10⅛ - 10⅛ | 10⅝ - 10⅜ | 10⅝ - 10⅜ |
| Asian $Sing | 7⅞ - 7⅝ | 7⅞ - 7⅝ | 9⅛ - 8 | 8 - 7⅞ | 8 - 7⅞ | 8 - 7⅞ |

Long term Eurodollars: two years 8⅛-8¼ per cent; three years 8⅝-8½ per cent; four years 8⅝-8½ per cent; five years 8⅞-8¾ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| Nov.21 | £ | $ | DM | Yen | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1 | 1.969 | 2.918 | 251.3 | 9.843 | 2.463 | 3.288 | 2191 | 2.283 | 60.05 |
| $ | 0.508 | 1 | 1.482 | 127.6 | 4.999 | 1.251 | 1.670 | 1113 | 1.159 | 30.50 |
| DM | 0.343 | 0.675 | 1 | 86.12 | 3.373 | 0.844 | 1.127 | 750.9 | 0.782 | 20.58 |
| YEN | 3.979 | 7.835 | 11.61 | 1000. | 39.17 | 9.801 | 13.08 | 8719 | 9.085 | 239.0 |
| F Fr. | 1.016 | 2.000 | 2.965 | 255.3 | 10 | 2.502 | 3.340 | 2226 | 2.319 | 61.01 |
| S Fr | 0.406 | 0.799 | 1.185 | 102.0 | 3.996 | 1 | 1.335 | 889.6 | 0.927 | 24.38 |
| H Fl | 0.304 | 0.599 | 0.887 | 76.43 | 2.994 | 0.749 | 1 | 666.4 | 0.694 | 18.26 |
| Lira | 0.456 | 0.899 | 1.332 | 114.7 | 4.492 | 1.124 | 1.501 | 1000 | 1.042 | 27.41 |
| C $ | 0.438 | 0.862 | 1.278 | 110.1 | 4.311 | 1.079 | 1.440 | 959.7 | 1 | 26.30 |
| B Fr. | 1.665 | 3.279 | 4.859 | 418.5 | 16.39 | 4.102 | 5.475 | 3649 | 3.802 | 100 |

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

## FINANCIAL FUTURES AND OPTIONS

**LIFFE LONG GILT FUTURES OPTIONS**
**£50,000 64ths of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 82 | 3-58 | 4-52 | 0 | 0-32 |
| 83 | 2-59 | 4-00 | 0-01 | 0-44 |
| 84 | 1-60 | 3-16 | 0-02 | 0-60 |
| 85 | 0-63 | 2-37 | 0-05 | 1-17 |
| 86 | 0-19 | 2-00 | 0-25 | 1-44 |
| 87 | 0-05 | 1-34 | 1-11 | 2-14 |
| 88 | 0-02 | 1-12 | 2-08 | 2-56 |
| 89 | 0-01 | 0-57 | 3-07 | 3-37 |

Estimated volume total, Calls 3644 Puts 2043
Previous day's open int. Calls 23261 Puts 37613

**LIFFE US TREASURY BOND FUTURES OPTIONS**
**$100,000 64ths of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 91 | 3-22 | 3-49 | 0 | 0-49 |
| 92 | 2-24 | 3-02 | 0-02 | 1-02 |
| 93 | 1-25 | 2-23 | 0-03 | 1-23 |
| 94 | 0-30 | 1-50 | 0-08 | 1-50 |
| 95 | 0-05 | 1-20 | 0-47 | 2-20 |
| 96 | 0-02 | 0-61 | 1-44 | 2-61 |
| 97 | 0-01 | 0-43 | 2-43 | 3-43 |
| 98 | 0 | 0-30 | 3-42 | 4-30 |

Estimated volume total, Calls 99 Puts 0
Previous day's open int. Calls 2180 Puts 4133

**LIFFE BUND FUTURES OPTIONS**
**DM250,000 points of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 8150 | 1.70 | 2.05 | 0 | 0.45 |
| 8200 | 1.21 | 1.67 | 0.01 | 0.57 |
| 8250 | 0.72 | 1.34 | 0.02 | 0.74 |
| 8300 | 0.32 | 1.06 | 0.12 | 0.96 |
| 8350 | 0.09 | 0.82 | 0.39 | 1.22 |
| 8400 | 0.02 | 0.62 | 0.82 | 1.52 |
| 8450 | 0.01 | 0.46 | 1.31 | 1.86 |
| 8500 | 0 | 0.34 | 1.80 | 2.24 |

Estimated volume total, Calls 9793 Puts 2760
Previous day's open int. Calls 63970 Puts 113357

**LIFFE EUROMARK OPTIONS**
**DM1m points of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 9000 | 0.96 | 1.09 | 0 | 0.01 |
| 9025 | 0.71 | 0.86 | 0 | 0.03 |
| 9050 | 0.48 | 0.63 | 0.02 | 0.05 |
| 9075 | 0.24 | 0.42 | 0.03 | 0.09 |
| 9100 | 0.05 | 0.25 | 0.09 | 0.17 |
| 9125 | 0.01 | 0.13 | 0.30 | 0.30 |
| 9150 | 0 | 0.07 | 0.54 | 0.49 |
| 9175 | 0 | 0.03 | 0.79 | 0.70 |

Estimated volume total, Calls 200 Puts 598
Previous day's open int. Calls 16641 Puts 20870

**LIFFE EURODOLLAR OPTIONS**
**$1m points of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 9100 | 0.98 | 1.41 | 0 | 0 |
| 9125 | 0.73 | 1.17 | 0 | 0.01 |
| 9150 | 0.48 | 0.93 | 0 | 0.02 |
| 9175 | 0.25 | 0.69 | 0.02 | 0.03 |
| 9200 | 0.07 | 0.48 | 0.09 | 0.07 |
| 9225 | 0.01 | 0.30 | 0.28 | 0.14 |
| 9250 | 0 | 0.16 | 0.52 | 0.25 |
| 9275 | 0 | 0.08 | 0.77 | 0.42 |

Estimated volume total, Calls 0 Puts 100
Previous day's open int. Calls 3933 Puts 2431

**LIFFE SHORT STERLING OPTIONS**
**£500,000 points of 100%**

| Strike Price | Calls-settlements Dec | Calls-settlements Mar | Puts-settlements Dec | Puts-settlements MAR |
|---|---|---|---|---|
| 8600 | 0.89 | 2.29 | 0.01 | 0.01 |
| 8625 | 0.66 | 2.05 | 0.03 | 0.02 |
| 8650 | 0.45 | 1.81 | 0.07 | 0.03 |
| 8675 | 0.27 | 1.57 | 0.14 | 0.04 |
| 8700 | 0.14 | 1.34 | 0.26 | 0.06 |
| 8725 | 0.07 | 1.12 | 0.44 | 0.09 |
| 8750 | 0.03 | 0.92 | 0.65 | 0.14 |
| 8775 | 0.01 | 0.73 | 0.88 | 0.20 |

Estimated volume total, Calls 4211 Puts 2285
Previous day's open int. Calls 81506 Puts 75883

### LONDON (LIFFE)

**20-YEAR 9% NOTIONAL GILT**
**£50,000 32nds of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 85-29 | 86-04 | 85-09 | 85-15 |
| Mar | 86-10 | 86-08 | 85-25 | 85-27 |
| Jun | 86-14 | | | 85-31 |

Estimated volume 25161 (27230)
Previous day's open int. 26147 (26933)

**US TREASURY BONDS 8%**
**$100,000 32nds of 100%**

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 94-11 | 94-19 | 94-09 | 93-29 |
| Mar | 94-00 | 94-09 | 94-04 | 93-18 |
| Jun | 93-20 | | | 93-06 |

Estimated volume 2825 (3269)
Previous day's open int. 6720 (6637)

**6% NOTIONAL GERMAN GOVT. BOND**
**DM250,000 100ths of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 83.20 | 83.43 | 83.13 | 83.36 |
| Mar | 83.10 | 83.32 | 83.08 | 82.96 |
| Jun | 83.01 | | | 82.87 |

Estimated volume 37708 (54417)
Previous day's open int. 110572 (113073)

**6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 92.57 | 92.60 | 92.52 | 92.17 |
| Mar | 92.70 | 92.75 | 92.60 | 92.30 |

Estimated volume 275 (87)
Previous day's open int. 676 (710)

**THREE MONTH STERLING**
**£500,000 points of 100%**

| | Close | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 86.88 | 86.93 | 86.82 | 86.94 |
| Mar | 88.28 | 88.37 | 88.20 | 88.33 |
| Jun | 88.87 | 88.89 | 88.85 | 88.90 |
| Sep | 88.93 | 88.97 | 88.89 | 88.97 |
| Dec | 88.91 | 88.91 | 88.85 | 88.90 |
| Mar | 88.74 | 88.71 | 88.65 | 88.70 |
| Jun | 88.71 | 88.71 | 88.64 | 88.66 |
| Sep | 88.63 | 88.58 | 88.53 | 88.57 |
| Dec | 88.70 | 88.70 | 88.68 | 88.64 |
| Mar | 88.70 | | | 88.64 |
| Jun | 88.70 | 88.68 | 88.68 | 88.64 |
| Sep | 88.70 | | | 88.64 |

Est. Vol (inc. figs. not shown) 32145 (34266)
Previous day's open int. 161614 (163358)

**THREE MONTH EURODOLLAR**
**$1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.98 | 92.01 | 91.98 | 92.00 |
| Mar | 92.41 | 92.41 | 92.40 | 92.37 |
| Jun | 92.50 | 92.52 | 92.50 | 92.47 |
| Sep | 92.46 | 92.48 | 92.46 | 92.41 |
| Dec | 92.24 | 92.25 | 92.24 | 92.19 |
| Mar | 92.05 | 92.07 | 92.05 | 92.02 |
| Jun | 91.80 | 91.82 | 91.82 | 91.76 |
| Sep | 91.67 | 91.67 | 91.67 | 91.61 |

Est. Vol (inc. figs. not shown) 3721 (3952)
Previous day's open int. 45922 (45957)

**THREE MONTH EUROMARK**
**DM 1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 90.96 | 91.00 | 90.95 | 90.95 |
| Mar | 91.08 | 91.14 | 91.08 | 91.06 |
| Jun | 91.11 | 91.15 | 91.11 | 91.11 |
| Sep | 91.11 | 91.15 | 91.12 | 91.12 |
| Dec | 91.14 | | | 91.13 |
| Mar | 91.14 | 91.14 | 91.14 | 91.13 |
| Jun | 91.14 | | | 91.14 |
| Sep | 91.14 | | | 91.14 |

Estimated volume 7805 (11611)
Previous day's open int. 78531 (78775)

**THREE MONTH ECU**
**ECU 1m points of 100%**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 89.97 | 89.98 | 89.93 | 89.93 |
| Mar | 90.20 | 90.22 | 90.16 | 90.14 |
| Jun | 90.21 | 90.20 | 90.20 | 90.16 |
| Sep | 90.30 | 90.33 | 90.33 | 90.23 |

Estimated volume 190 (62)
Previous day's open int. 1604 (1594)

**FT-SE 100 INDEX**
**£25 per full index point**

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 2153.0 | 2175.0 | 2137.0 | 2150.0 |
| Mar | 2187.0 | 2199.0 | 2184.0 | 2183.5 |
| Jun | 2222.0 | 2239.0 | 2239.0 | 2219.0 |

Estimated volume 5741 (5770)
Previous day's open int. 27492 (27756)

**POUND-$ (FOREIGN EXCHANGE)**

| Spot | 1-mth. | 3-mth. | 6-mth | 12-mth |
|---|---|---|---|---|
| 1.9685 | 1.9585 | 1.9420 | 1.9225 | 1.8905 |

**IMM-STERLING $s per £**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.9606 | 1.9624 | 1.9554 | 1.9564 |
| Mar | 1.9380 | 1.9380 | 1.9310 | 1.9326 |
| Jun | - | 1.9160 | - | 1.9134 |

### CHICAGO

**U.S. TREASURY BONDS (CBT) 8%**
**$100,000 32nds of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 94-19 | 94-19 | 94-05 | 94-05 |
| Mar | 94-09 | 94-09 | 93-27 | 93-26 |
| Jun | 93-27 | 93-27 | 93-15 | 93-13 |
| Sep | - | - | - | 93-00 |
| Dec | - | - | - | 92-19 |
| Mar | 92-14 | 92-14 | 92-14 | 92-07 |
| Jun | - | - | - | 91-28 |
| Sep | - | - | - | 91-18 |
| Dec | - | - | - | 91-09 |
| Mar | - | - | - | - |
| Jun | - | - | - | - |

**U.S. TREASURY BILLS (IMM)**
**$1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 93.00 | 93.00 | 92.99 | 92.98 |
| Mar | 93.52 | 93.52 | 93.50 | 93.48 |
| Jun | 93.71 | 93.72 | 93.71 | 93.68 |
| Sep | - | 93.74 | - | 93.70 |
| Dec | - | 93.63 | - | 93.59 |

**SWISS FRANC (IMM)**
**SFr 125,000 $ per SFr**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 0.8018 | 0.8025 | 0.8013 | 0.8029 |
| Mar | 0.8004 | 0.8010 | 0.8000 | 0.8013 |
| Jun | - | - | 0.7990 | 0.7999 |
| Sep | - | - | - | 0.7974 |

**JAPANESE YEN (IMM)**
**Y12.5m $ per Y100**

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 0.7845 | 0.7846 | 0.7831 | 0.7748 |
| Mar | 0.7837 | 0.7839 | 0.7825 | 0.7742 |
| Jun | - | - | - | 0.7732 |

**DEUTSCHE MARK (IMM)**
**DM125,000 $ per DM**

| | Latest | High | Low | Prev. |
|---|---|---|---|---|
| Dec | 0.6788 | 0.6776 | 0.6766 | 0.6779 |
| Mar | 0.6755 | 0.6756 | 0.6750 | 0.6761 |
| Jun | - | - | - | 0.6739 |

**THREE-MONTH EURODOLLAR (IMM)**
**$1m points of 100%**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.99 | 92.00 | 91.98 | 91.97 |
| Mar | 92.41 | 92.41 | 92.39 | 92.37 |
| Jun | 92.52 | 92.52 | 92.50 | 92.47 |
| Sep | 92.48 | 92.48 | 92.47 | 92.43 |
| Dec | 92.26 | 92.26 | 92.23 | 92.20 |
| Mar | 92.06 | 92.07 | 92.04 | 92.01 |
| Jun | 91.82 | 91.82 | 91.80 | 91.77 |
| Sep | 91.66 | 91.69 | 91.67 | 91.64 |

**STANDARD & POORS 500 INDEX**
**$500 times index**

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 317.20 | 318.00 | 316.90 | 316.80 |
| Mar | 319.65 | 320.50 | 319.60 | 319.40 |
| Jun | - | 323.50 | - | 322.90 |

**PHILADELPHIA SE £/$ OPTIONS**
**£31,250 (cents per £1)**

| Strike Price | Calls Dec | Calls Jan | Calls Feb | Calls Mar | Puts Dec | Puts Jan | Puts Feb | Puts Mar |
|---|---|---|---|---|---|---|---|---|
| 1.825 | 14.30 | 14.30 | 14.38 | 14.27 | - | 0.10 | 0.55 | 1.63 |
| 1.850 | 11.80 | 11.80 | 11.80 | 11.70 | 0.02 | 0.24 | 0.93 | 1.54 |
| 1.875 | 9.30 | 9.30 | 9.35 | 9.51 | 0.06 | 0.55 | 1.47 | 2.11 |
| 1.900 | 6.80 | 6.93 | 7.24 | 7.52 | 0.15 | 1.03 | 2.10 | 2.96 |
| 1.925 | 4.47 | 4.92 | 5.45 | 5.82 | 0.62 | 1.76 | 3.04 | 4.00 |
| 1.950 | 2.60 | 3.29 | 3.95 | 4.42 | 1.39 | 2.69 | 4.23 | 5.36 |
| 1.975 | 1.40 | 2.10 | 2.84 | 3.31 | 2.56 | 4.08 | 5.68 | 6.73 |

Previous day's open int. Calls 329,480 Puts 331,705 (All currencies)
Previous day's volume: Calls 6,810 Puts 8,643 (All currencies)

**10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES**

| | Open | Close | Change | High | Low | Yield | Open Int. |
|---|---|---|---|---|---|---|---|
| December | 99.42 | 99.50 | -0.40 | 99.58 | 99.34 | 10.09 | 60,366 |
| March | 99.32 | 99.48 | -0.45 | 99.56 | 99.32 | 10.09 | 12,427 |
| June | 99.30 | 99.40 | -0.40 | 99.44 | 99.30 | 10.10 | 5,044 |
| September | - | - | - | - | - | 10.15 | 276 |

Estimated volume 75,651 Total Open Interest 78,103

**OPTION ON LONG-TERM FRENCH BOND (MATIF)**

| Strike | Calls Dec | Calls March | Calls June | Puts Dec | Puts March | Puts June |
|---|---|---|---|---|---|---|
| 96 | - | - | 3.95 | 0.02 | 0.40 | - |
| 97 | - | 2.95 | - | 0.03 | 0.56 | - |
| 98 | 1.55 | 2.19 | - | 0.07 | 0.79 | - |
| 99 | 0.70 | 1.56 | 2.00 | 0.26 | 1.13 | 1.68 |
| 100 | 0.25 | 1.04 | - | 0.73 | 1.59 | - |
| 101 | 0.05 | 0.65 | - | 1.57 | 2.19 | - |
| Open Int. | 143,090 | 73,520 | 11,272 | 154,066 | 75,159 | 9,482 |

Estimated volume 49,478 Total Open Interest 476,172

**THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)**

| | Open | Close | Change | High | Low | Yield | Open Int. |
|---|---|---|---|---|---|---|---|
| December | 90.06 | 90.06 | -0.02 | 90.07 | 90.05 | 9.94 | 17,711 |
| March | 90.16 | 90.16 | -0.02 | 90.17 | 90.14 | 9.84 | 13,982 |
| June | 90.14 | 90.11 | - | 90.15 | 90.11 | 9.88 | 1,689 |
| September | 90.15 | 90.11 | -0.01 | 90.16 | 90.10 | 9.88 | 1,274 |

Estimated volume 4,685 Total Open Interest 34,656

**CAC-40 FUTURES (MATIF) Stock Index**

| | Open | Close | Change | High | Low | Open Int. |
|---|---|---|---|---|---|---|
| November | 1634.0 | 1646.0 | +5.0 | 1655.0 | 1632.0 | 7,389 |
| December | 1641.0 | 1653.5 | -6.0 | 1657.0 | 1639.0 | 2,096 |
| January | 1646.0 | 1659.0 | -4.5 | 1659.0 | 1646.0 | 60 |
| March | - | - | - | - | - | 0 |

Estimated volume 6,776 Total Open Interest 9,545

## BASE LENDING RATES

| | % |
|---|---|
| ABN Bank | 14 |
| Adam & Company | 14 |
| Allied Trust Bank | 14 |
| AIB Bank | 14 |
| ● Henry Ansbacher | 14 |
| Associates Cap Corp | 15½ |
| ● B & C Merchant Bank | 14 |
| Bank of Baroda | 14 |
| Banco Bilbao Vizcaya | 14 |
| Bank Credit & Comm | 14 |
| Bank of Cyprus | 14 |
| Bank of Ireland | 14 |
| Bank of India | 14 |
| Bank of Scotland | 14 |
| Banque Belge Ltd | 14 |
| Barclays Bank | 14 |
| Benchmark Bank | 14 |
| Brit Bk of Mid East | 14 |
| ● Brown Shipley | 14 |
| CL Bank Nederland | 14 |
| ● Charterhouse Bank | 14 |
| Citibank NA | 14 |
| City Merchants Bank | 14 |
| Clydesdale Bank | 14 |
| Comm Bk of London Plc | 14 |
| Co-operative Bank | *14 |
| Coutts & Co | 14 |
| Cyprus Popular Bk | 14 |
| Dunbar Bank PLC | 14 |
| Duncan Lawrie | 14 |
| Equatorial Bank plc | 14 |
| Exeter Trust Ltd | 14½ |
| Financial & Gen Bank | 14 |
| First National Bank Plc | 16 |
| ● Robert Fleming & Co | 14 |
| Robert Fraser & Ptnrs | 14½ |
| Girobank | 14 |
| ● Guinness Mahon | 14 |
| HFC Bank plc | 14 |
| ● Hambros Bank | 14 |
| Hampshire Trust Plc | 14½ |
| Heritable & Gen Inv Bnk | 14 |
| ● Hill Samuel | 14 |
| C. Hoare & Co | 14 |
| Hongkong & Shangh | 14 |
| ● Leopold Joseph & Sons | 14 |
| Lloyds Bank | 14 |
| Meghraj Bank Ltd | 14 |
| McDonnell Douglas Bnk | 14 |
| Midland Bank | 14 |
| Mount Banking | 14 |
| Nat Bk of Kuwait | 15 |
| NatWestminster | 14 |
| Northern Bank Ltd | 14 |
| Nykredit Mortgage Bank | 14½ |
| Provincial Bank PLC | 15 |
| Roxburghe Bank Ltd | 14½ |
| Royal Bk of Scotland | 14 |
| Royal Trust Bank | 14 |
| ● Smith & Williamson Secs | 14 |
| Standard Chartered | 14 |
| TSB | 14 |
| Unibank plc | 14 |
| ● United Bk of Kuwait | 14 |
| United Mizrahi Bank | 14 |
| Unity Trust Bank Plc | 14 |
| Western Trust | 14 |
| Westpac Bank Corp | 14 |
| Whiteaway Laidlaw | 14 |
| Yorkshire Bank | 14 |

● Members of British Merchant Banking & Securities Houses Association. * Deposit now 5.1% Savewise 7.7%, Top Tier-£50,000+ instant access 13.7%

## MONEY MARKETS

# Rates little changed

ATTENTION TURNED back to economic fundamentals on London's financial markets yesterday as dealers waited for further news about the likely outcome of the UK Conservative party leadership contest. Tuesday's inconclusive ballot result had no obvious impact in the market.

Wholesale interest rates were little changed, while prices of short sterling futures weakened on Liffe. This reflected the view that Britain's weak economic condition rules out any increase in rates, but that a cut before delivery of December short sterling is by no means a certainty.

The recent trading level of nearly 87.00 discounts a rate cut by delivery of the contract on December 19. Yesterday it opened weaker at 86.86 and closed at 86.88 compared with 86.94 on Tuesday. Support is seen at 86.75 and 86.66.

Three-month sterling interbank was quoted at 13⅞-13 13/16 per cent yesterday, compared with 13¾-13½, and 12-month money was unchanged at 12⅝-12½.

Day-to-day credit was in fairly short supply on the money market. The Bank of England kept short term rates firm, by giving small scale assistance during the morning and by not providing enough total help to take out the full shortage. This made speculation against sterling expensive on the foreign exchanges, and gave no encouragement to hopes of lower bank base rates.

The authorities initially forecast a credit shortage of £600m, but revised this to £550m at noon. In the afternoon the shortage was revised back to £600m.

Total help of £486m was provided. Before lunch the Bank of England bought £141m bills outright, by way of £71m bank bills in band 1 at 13¾ per cent and £70m bank bills in band 2 at 13 23/32 per cent.

In the afternoon another £300m bills were purchased, via £31m Treasury bills in band 1 at 13¾ per cent; £252m bank bills in band 1 at 13¾ per cent; and £17m bank bills in band 2 at 13 23/32 per cent. Late assistance of around £45m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £384m, with exchequer transactions absorbing £160m and a rise in the note circulation £105m. These outweighed bank balances above target adding £50m to liquidity.

**UK clearing bank base lending rate**
**14 per cent**
**from October 8, 1990**

### FT LONDON INTERBANK FIXING

| (11.00 a.m. Nov 21) 3 months US dollars | | 6 months US Dollars | |
|---|---|---|---|
| bid 8 | offer 8⅛ | bid 7⅞ | offer 8 |

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

### MONEY RATES

**NEW YORK** (Lunchtime)

| | |
|---|---|
| Prime rate | 10 |
| Broker loan rate | 9½ |
| Fed funds | 7½ |
| Fed. funds at intervention | - |

**Treasury Bills and Bonds**

| | |
|---|---|
| One month | 6.76 |
| Two month | 7.08 |
| Three month | 7.34 |
| Six month | 7.42 |
| One year | 7.35 |
| Two year | 7.60 |
| Three year | 7.69 |
| Four year | 7.85 |
| Five year | 7.95 |
| Seven year | 8.19 |
| 10-year | 8.29 |
| 30-year | 8.45 |

| Nov 21 | Overnight | One Month | Two Months | Three Months | Six Months | Lombard Intervention |
|---|---|---|---|---|---|---|
| Frankfurt | 7.95-8.05 | 8.20-8.30 | 8.65-8.80 | 8.70-8.85 | 8.85-9.00 | 8.50 |
| Paris | 9⅛-9¼ | 9 7/16-9 9/16 | 9⅝-9¾ | 9⅝-9¾ | 9⅝-10 | 9.50 |
| Zurich | 7⅜-7⅝ | 8⅛-8¼ | - | 8½-8⅞ | - | - |
| Amsterdam | 8.31-8.44 | 8.40-8.50 | - | 8.75-8.85 | - | - |
| Tokyo | 8⅛-8¼ | 8¼-8⅜ | - | 8⅛-8¼ | - | - |
| Milan | 10½-11 | 13½-14 | - | 12¾-13⅛ | - | - |
| Brussels | 10.00 | 8⅞-8 13/16 | - | 9⅛-9⅛ | - | - |
| Dublin | 9¾-10 | 10⅛-10¼ | 10½-10⅝ | 10⅝-10 11/16 | 10⅛-10⅜ | - |

### LONDON MONEY RATES

| Nov 21 | Overnight | 7 days notice | One Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank Offer | 14½ | 14¼ | 14⅛ | 13 13/16 | 13⅛ | 12⅝ |
| Interbank Bid | 13¾ | 14 | 14 | 13⅝ | 13 | 12½ |
| Sterling CDs | - | - | 14 1/16 | 13 11/16 | 13⅛ | 12½ |
| Local Authority Deps. | 14¼ | 14¼ | 14⅛ | 13⅝ | 13⅛ | 12⅝ |
| Local Authority Bonds | - | - | - | - | - | - |
| Discount Mkt Deps. | 14⅛ | 14⅛ | 13⅞ | 13¼ | - | - |
| Company Deposits | - | - | 14⅛ | 13 13/16 | 13⅛ | 12 11/16 |
| Finance House Deposits | - | - | 14⅛ | 14⅛ | 13⅛ | 12⅝ |
| Treasury Bills (Buy) | - | - | 13 13/16 | 13⅛ | - | - |
| Bank Bills (Buy) | - | - | 13¾ | 13⅜ | 12⅞ | - |
| Fine Trade Bills (Buy) | - | - | 14⅝ | 13 13/16 | 12 13/16 | - |
| Dollar CDs | - | - | 7.90 | 8.10 | 7.95 | 7.93 |
| SDR Linked Dep. Offer | - | - | 8⅞ | 9⅛ | 9⅛ | 9⅛ |
| SDR Linked Dep. Bid | - | - | 8¾ | 9 | 8 13/16 | 8 13/16 |
| ECU Linked Dep. Offer | - | - | 9⅞ | 10 3/16 | 10 3/16 | 10¼ |
| ECU Linked Dep. Bid | - | - | 9¾ | 10 1/16 | 10 1/16 | 10⅛ |

Treasury Bills (sell), one-month 13 11/32 per cent, three months 12 29/32 per cent; six months 12 9/16 per cent. Bank Bills (sell), one-month 13 11/32 per cent; three months 13 per cent. Treasury Bills Average tender rate of discount 13.0333 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31, 1990. Agreed rates for period Nov 26 1990 to Dec 25, 1990, Scheme I: 15.08 p.c., Schemes II & III: 15.32 p.c. Reference rate for period Sept 29, 1990 to Oct 31, 1990 Scheme IV&V: 14.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15 from November 1, 1990. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6) Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent, nine-twelve months 11½ per cent. Under £100,000 10½ per cent from Oct 8, 1989. Deposits withdrawn for cash 5 per cent.

# MONEY MARKET FUNDS

## Money Market Trust Funds

Gross | Net | Gr Equiv CAR | Int Cr

**CAF Money Management Co Ltd**
48 Pembury Road, Tonbridge TN9 2JD 0732 770114
Cafcash Deposit Fd 14.07 | - | 14.84 | 3-Mth

**The COIF Charities Deposit Account**
2 Fore Street London EC2Y 5AQ 071-588 1815
Deposit 14.15 | - | 14.92 | 3-Mth

**Cent. Bd. of Fin. of Church of England††**
2 Fore Street, London EC2Y 5AQ 071-588 1815
Deposit 14.15 | - | 14.92 | 3-Mth

**Gartmore Money Management Ltd**
2-3 White Hart Yard, London SE1 1NX 071-236 1425
Call Fnd 13.60 | 10.60 | 14.51 | 6-Mth
7-day Fund 13.79 | 10.75 | 14.72 | 6-Mth
Special Fund 14.15 | - | 15.46 | 1-Mth
Dollar 6.50 | 5.07 | 6.69 | 3-Mth

## Money Market Bank Accounts

Gross | Net | Gr Equiv CAR | Int Cr

**AIB Bank High Interest Cheque Account**
Belmont Rd, Uxbridge UB8 1SA 0800 282125
£2,500-£9,999 12.00 | 9.36 | 12.92 | Qtr
£10,000+ 13.00 | 10.14 | 14.04 | Qtr

**Aitken Hume Bank plc**
30 City Road, EC1Y 2AY 071-638 6070
Treasury Acc 12.50 | 9.75 | 13.48 | Qtr
Mth Int Chq £1,000-£4,999 12.50 | 9.75 | 13.60 | Mth
Mth Int Chq £5,000-£49,999 13.00 | 10.14 | 14.16 | Mth
Mth Int Chq £50,000+ 13.50 | 10.53 | 14.73 | Mth

**Allied Trust Bank Ltd**
97-101 Cannon St, London EC4N 5AD 071-629 6802
OMNIA (£2,001+) 13.95 | 10.88 | 15.25 | Mth
TOMNIA (£2,001+) 14.25 | 11.12 | 15.60 | Mth
HICA (£2,001+) 12.90 | 10.06 | 14.05 | Mth
PROMNIA (£250,001+) 13.95 | 10.88 | 15.25 | -

**American Express Bank Ltd**
c/o American Express Financial Services Limited
Sussex House Burgess Hill
West Sussex, RH15 9AW 0444 230230
High Performance Cheque Account
£1,000-£4,999 12.16 | 9.50 | 12.87 | Mth
£5,000-£9,999 12.30 | 9.60 | 13.01 | Mth
£10,000-£24,999 12.81 | 10.00 | 13.59 | Mth
£25,000+ 13.58 | 10.60 | 14.46 | Mth

**Bank of Ireland High Interest Cheque Acc**
36 Queen St, EC4R 1BN 0753 516516
£2,000-£9,999 12.179 | 9.500 | 12.925 | Qtr
£10,000+ 12.500 | 9.750 | 13.483 | Qtr

**Bank of Scotland**
38 Threadneedle St, EC2P 2EH 071-601 6446
[illegible] £2,500-£24,999 12.15 | 9.47 | 13.20 | Mth
£25,000+ 12.65 | 9.86 | 13.77 | Mth

**Barclays Capital Advantage Account**
PO Box 120, Westwood Bs Pk, Coventry 0203 694242
£10,000-£24,999 12.75 | 10.00 | 13.84 | Qtr
£25,000-£49,999 13.25 | 10.25 | 14.20 | Qtr
£50,000+ 13.50 | 10.50 | 14.56 | Qtr

**Barclays Prime Account H.I.C.A.**
PO Box 125, Northampton 0604 252891
£1,000-£2,499 11.80 | 9.20 | 12.70 | Qtr
£2,500-£9,999 12.20 | 9.50 | 13.13 | Qtr
£10,000-£24,999 12.80 | 10.00 | 13.84 | Qtr
£25,000+ 13.10 | 10.25 | 14.20 | Qtr

**Benchmark Bank PLC Premier Account**
86 Newman Street, W1P 3LD 071-631 3313
Small Deposits 9.50 | - | - | -
£2,500-£10,000 12.50 | 9.75 | 13.48 | Qtr
£10,001-£20,000 12.75 | 9.95 | 13.76 | Qtr
£20,000+ 13.50 | 10.53 | 14.60 | Qtr

**B & C Merchant Bank PLC Portfolio Acc**
19 Motcomb Street, London SW1X 8LB 071-245 6616
£2,500-£9,999 11.375 | 8.901 | 11.87 | Qtr
£10,000-£49,999 12.75 | 9.98 | 13.37 | Qtr
£50,000 and above 13.25 | 10.37 | 13.923 | Qtr

**Brown Shipley & Co Ltd**
Founders Court, Lothbury, London EC2 071-606 9833
HICA 13.00 | 10.14 | 14.04 | Qtr
Prof Demand A/c 12.375 | 9.65 | 13.34 | Qtr

**Caledonian Bank Plc**
8 St Andrew Square, Edinburgh EH2 2PP 031-556 8235
HICA 13.50 | 10.53 | 14.06 | Yearly

**Cater Allen Ltd**
25 Birchin Lane, London EC3V 9DJ 071-623 2070
HICA 12.79 | 9.945 | [illegible] | Mth
Comfort £5,000 min 13.25 | 10.33 | [illegible] | Mth

**Charterhouse Bank Limited**
1 Paternoster Row EC4M 7DH 071-248 4000
£2,500-£19,999 12.25 | 9.56 | 13.31 | Mth
£20,000-£49,999 12.50 | 9.75 | 13.60 | Mth
£50,000-£99,999 12.75 | 9.95 | 13.88 | Mth
£100,000+ 13.00 | 10.14 | 14.17 | Mth
$5,000-$49,999 6.50 | 5.07 | 6.92 | Mth
$50,000-$99,999 6.75 | 5.29 | 7.19 | Mth
$100,000-$199,999 7.00 | 5.46 | 7.47 | Mth
$200,000+ 7.25 | 5.66 | 7.74 | Mth
Many other currencies are available - for rates please phone ext 2168

**Citibank Savings**
St Martins Hse, Hammersmith Grove W6 081-741 4941
Money Market Plus
£2,000-£24,999 11.00 | 8.50 | 11.79 | Mth
£25,000 11.50 | 9.00 | 12.51 | Mth

**Clydesdale Bank PLC**
30 St Vincent Place, Glasgow G1 2HL 041-248 7070
HICA £2,000-£9,999 11.2 | 8.74 | 12.04 | Qtr
£10,000-£19,999 12.00 | 9.36 | 12.92 | Qtr
£20,000-£49,999 12.2 | 9.52 | 13.14 | Qtr
£50,000+ 12.7 | 9.91 | 13.71 | Qtr

**Co-operative Bank Top Tier**
78-80 Cornhill EC3 [illegible]
£50,000+ [illegible] | 10.01 | 13.71 | 6-Mth
£10,000-£49,999 [illegible] | 9.75 | [illegible] | 6-Mth
£2,500-£9,999 [illegible] | [illegible] | [illegible] | 6-Mth
£1,000-£2,499 [illegible] | [illegible] | [illegible] | 6-Mth
£500-£999 [illegible] | 8.01 | 10.91 | 6-Mth

**Coutts & Co**
Reserve Account
440 Strand, London WC2R 0QS 071-753 1000
For personal customers
£50,000+ [illegible] | 9.125 | 12.59 | Qtr
£20,000-£47,999 [illegible] | 9.00 | 12.41 | Qtr
£5,000-£19,999 [illegible] | [illegible] | 11.87 | Qtr
For businesses, charities and societies
£100,000-£1,000,000 12.625 | 9.625 | 13.30 | Qtr
£25,000-£99,999 12.50 | 9.375 | 12.94 | Qtr
£10,000-£24,999 [illegible] | 8.875 | 12.23 | Qtr
Coutts Commercial Account for clients money
27 Bush Lane, London EC4R 0AA 071-623 3434
Rates negotiable over [illegible] 13.875 | 10.750 | - | -

**Darlington & Co Ltd**
10 The Crescent, Plymouth PL1 3AB 0752 673073
Money Mkt Acc 13.00 | 10.14 | 14.05 | Qtr

**Edington Plc**
1 King Street, Manchester M2 6AW 061 834 2555
HICA £1,000+ 13.8675 | 10.68 | 14.82 | Qtr
Money Market Deposit Account—Instant Access
£1-£999 [illegible] | [illegible] | [illegible] | Mth
£1,000-£24,999 [illegible] | [illegible] | 14.31 | Mth
£25,000-£249,999 [illegible] | [illegible] | 14.81 | Mth
£250,000-£999,999 13.75 | 10.73 | 15.03 | Mth
£1,000,000 upwards 13.75 | 10.73 | 15.03 | Mth
Ninety Day Notice Account
£10,000-£24,999 14.125 | 11.02 | 14.69 | Yearly
£25,000 upwards 14.50 | 11.31 | 15.08 | Yearly

**Financial & General Bank plc**
13 Lowndes Street, London SW1X 9EX 071-235 6036
H.I.D.A. £50,000 [illegible] | 13.92 | 14.47 | Qtr
H.I.D.A. £50,000-150,000 [illegible] | 10.82 | 14.325 | Qtr

**Gartmore Money Management Ltd**
2-3 White Hart Yard, London SE1 1NX 071-236 1425
Money Mngt. Acc. 12.89 | 10.04 | 13.81 | 3-Mth

**Girobank plc High Interest Cheque Acc**
10 Milk St, London EC2V 8JH 071-600 6020
£1,000-£3,999 10.50 | 8.00 | 10.67 | Yearly
£4,000-£9,999 10.60 | 8.50 | 11.33 | Yearly
£10,000-£49,999 12.00 | 9.00 | 12.00 | Yearly
£50,000 12.50 | 9.50 | 12.67 | Yearly

**Humberclyde Finance Group**
Chesley Ct, Winchester Rd, Basingstoke 0256 841863
£50,000+ 14.00 | 15.92 | 15.17 | Qtr

**Lloyds Bank – Investment Account**
71 Lombard St, London EC3P 3BS 0272 433372
£50,000 and above 13.2 | 10.4 | 14.1 | Yearly
£25,000+ 13.2 | 10.5 | 14.0 | Yearly
£10,000+ 12.9 | 10.1 | 13.5 | Yearly
£5,000+ 12.7 | 9.3 | 12.4 | Yearly
Below £5,000 6.0 | 4.5 | 6.0 | Yearly

**M. & G./Kleinwort Benson**
M & G Hse, Victoria Rd, Chelmsford 0245 266266
H.I.C.A. (£2,500+) 12.25 | 9.555 | 13.327 | Daily

**Midland Bank plc**
PO Box 2, Sheffield 0742 528665
High Int Chq Acc 10.90 | 8.50 | 11.70 | Qtr
£10,000+ 11.54 | 9.00 | 12.41 | Qtr
£50,000+ 12.18 | 9.50 | 13.13 | Qtr
Premier Savings £5,000+ 12.82 | 10.00 | 13.87 | 6-Mth
Exchequer Acc £10,000+ 13.72 | 10.70 | 14.66 | 6-Mth
£25,000+ 14.10 | 11.00 | 15.07 | 6-Mth

**NatWest Crown Reserve Account**
41 Lothbury, London EC2P 2BP 071-374 3374
£25,000 and above 13.75 | 10.75 | 14.48 | 3-Mth
£10,000 to £24,999 13.50 | 10.50 | 14.25 | 3-Mth
£2,000-£9,999 13.25 | 10.00 | 13.92 | 3-Mth

**Provincial Bank PLC**
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
H.I.C.A. (£1,000+) 13.125 | 10.24 | 14.31 | Mth

**Royal Bank of Scotland plc Premium Acc**
42 St Andrew Sq, Edinburgh EH2 2YE 031-228 5630
£50,000+ 12.96 | 10.10 | 14.00 | Qtr
£25,000-£49,999 12.76 | 9.95 | 13.77 | Qtr
£10,000-£24,999 12.57 | 9.80 | 13.56 | Qtr
£2,500-£9,999 11.48 | 8.95 | 12.35 | Qtr

**Save & Prosper/Robert Fleming**
28 Western Rd, Romford RM1 3LB 0708 766966
H.I.D.A. 12.25 | 9.56 | 13.37 | Daily

**Sterling Bank & Trust Ltd**
Abbey Gdns, 6 Abbey St, Reading RG1 3BA 0734 592541
HIDA £2,500+ 14.15 | 11.04 | 15.12 | 6-Mth

**Tyndall & Co Ltd**
29-33 Princess Victoria St, Bristol 0272 744720
Demand Acc. 12.75 | 9.95 | 13.76 | Qtr
HIDA 12.75 | 9.95 | 13.76 | Qtr
HIDA £100,000+ 13.00 | 10.14 | 14.04 | Qtr
Great Plus Acc. 12.25 | 9.56 | 13.20 | Qtr

**United Dominions Trust Ltd**
PO Box 135, Abbey St, Reading RG1 3EG 0734 560411
Capital Plus Cheque Account
£1,000+ 13.60 | 10.62 | 14.32 | -

**J. Henry Schroder Wagg & Co Ltd**
120 Cheapside London EC2V 6DS 071-382 6000
Special Acc. 13.00 | 10.14 | 14.28 | Mth
£10,000 and above 13.25 | 10.33 | 14.45 | Mth

**Western Trust High Interest Cheque Acc**
The Moneycentre Plymouth PL1 1SE 0752 224141
£25,000+ 13.50 | 10.53 | 14.60 | Qtr
£5,000-£24,999 13.25 | 10.34 | 14.32 | Qtr
£1,000-£4,999 13.00 | 10.14 | 14.04 | Qtr

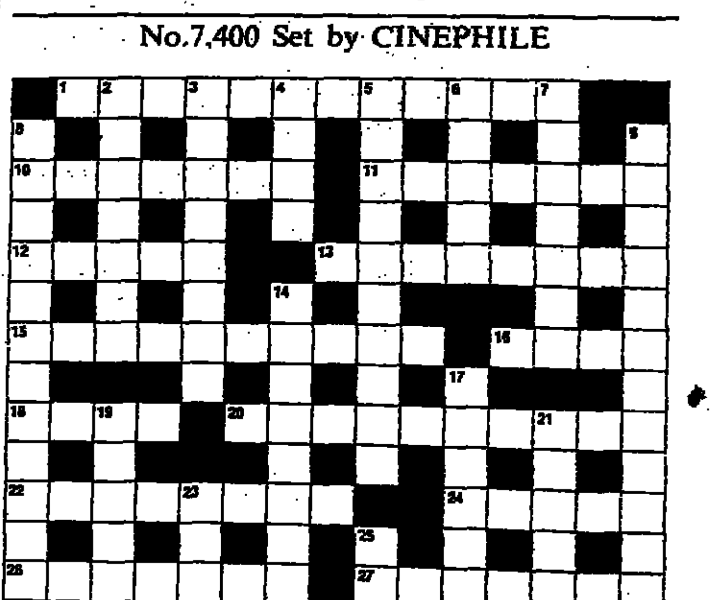
**Wimbledon & South West Finance PLC**
114 Newgate St, London EC1 7AE 071-606 9485
High Int Cheque Acc 13.50 | 10.53 | 14.63 | Qtr

NOTES—Gross rate to those average from composite rate of tax. Net actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr frequency interest credited.

JOTTER PAD

## CROSSWORD

### No.7,400 Set by CINEPHILE



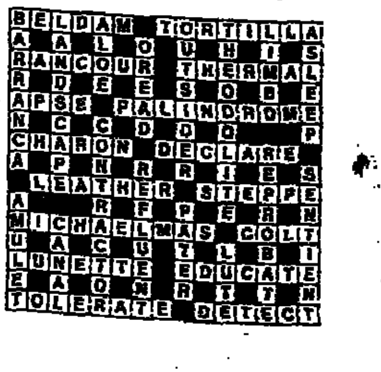
**ACROSS**

1 Where Macbeth was given an unsuitable part in legal arrangement (6,6)
10 No way one between right and left can take a breather (7)
11 Major currency goal had cure for disorder (4,3)
12 Rowing men in pieces? (5)
13 Do business? Solution's in piece of propaganda (8)
15 Wound amateurs, it may be (10)
16, 18 Brought to earth, feathers streaked with colour (4,4)
20 Big guns encircle West African country – can't wait! (6,2,2)
22 Be more important than inversely eccentric sound (8)
24 Measure for the Marines (5)
26 Noodles on trial, as is most proper (7)
27 Capital of Holland? The same without mother rodent (7)
28 Leaving out hanging, it's taken in hand by the young (8,4)

**DOWN**

2 Sang à la mode for Italian food (7)
3 Wedding day, we hear, at sea (8)
4 Sailor in cellar? (4)
5 Proverbial hairs cop it for a change (10)
6 Italian city, one in revolution (5)
7 Healey's, possibly? Look at the whip (7)
8 'Home to green journalist with incomplete order ....(8,5)
9 .... Tender with European currency' (9,4)
14 Absolutely vertical, I kid you not (8,2)
17 Grieg met with trouble using glass and sand (3,5)
19 Watch this box? (7)
21 Surpass the obvious piece? (7)
23 Resin from tree – elm that is diseased (5)
25 Feature in church and home (4)

**Solution to Puzzle No.7,399**



# WORLD STOCK MARKETS

## CANADA

TORONTO
2pm prices November 21

## INDICES

### NEW YORK

| DOW JONES | Nov. 20 | Nov. 19 | Nov. 16 | Nov. 15 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| ♦Industrials | 2530.20 | 2565.35 | 2550.25 | 2545.05 | 2999.75 (16/7) | 2365.10 (11/10) | 2999.75 (16/7/90) | 41.22 (2/7/32) |
| Home Bonds | 90.21 | 90.15 | 89.95 | 89.76 | 93.04 (3/1) | 88.44 (24/9) | — | — |
| Transport | 853.00 | 867.79 | 864.46 | 867.97 | 1212.77 (6/6) | 821.93 (17/10) | 1532.01 (5/9/89) | 12.32 (8/7/32) |
| Utilities | 207.05 | 208.69 | 208.25 | 207.43 | 236.23 (2/1) | 190.96 (24/8) | 236.23 (2/1/90) | 10.50 (8/4/32) |

♦Day's High 2574.50 (2580.69) Low 2524.01 (2543.07)

| STANDARD AND POOR'S | Nov. 20 | Nov. 19 | Nov. 16 | Nov. 15 | 1990 HIGH | 1990 LOW | Since compilation HIGH | Since compilation LOW |
|---|---|---|---|---|---|---|---|---|
| Composite ‡ | 315.31 | 319.34 | 317.12 | 317.02 | 368.95 (16/7) | 295.46 (11/10) | 368.95 (16/7/90) | 4.40 (1/6/32) |
| Industrials | 369.66 | 374.31 | 371.23 | 371.23 | 437.37 (16/7) | 346.86 (11/10) | 437.37 (16/7/90) | 3.62 (21/6/32) |
| Financial | 21.71 | 22.27 | 22.23 | 22.23 | 31.87 (3/1) | 18.80 (29/10) | 35.24 (9/10/89) | 8.64 (1/10/74) |
| NYSE Composite | 172.48 | 174.34 | 173.30 | 173.12 | 201.13 (16/7) | 162.20 (11/10) | 201.13 (16/7/90) | 4.46 (25/4/42) |
| Amex Mkt. Value | 296.01 | 296.47 | 297.52 | 296.69 | 382.45 (5/1) | 288.07 (30/10) | 397.03 (10/10/89) | 29.31 (9/12/72) |
| NASDAQ Composite | 348.29 | 352.73 | 350.85 | 354.52 | 469.60 (16/7) | 325.44 (16/10) | 485.73 (9/10/89) | 54.87 (31/10/72) |

| | Nov. 16 | Nov. 9 | Nov. 2 | year ago (approx.) |
|---|---|---|---|---|
| Dow Industrial Div. Yield | 4.01 | 4.09 | 4.08 | 3.93 |

| | Nov.14 | Nov. 7 | Oct.31 | year ago (approx.) |
|---|---|---|---|---|
| S & P Industrial div. yield | 3.39 | 3.55 | 3.54 | 2.97 |
| S & P Indl. P/E ratio | 15.47 | 14.48 | 14.43 | 14.25 |

### NEW YORK ACTIVE STOCKS

| Tuesday | Stocks traded | Closing price | Change on day |
|---|---|---|---|
| Boeing | 5,118,200 | 42⅝ | - 4⅜ |
| Varity Corp. | 3,087,300 | 2 | - ⅛ |
| Texas Ut. | 2,289,700 | 37⅜ | + ¼ |
| IBM | 2,000,300 | 113⅞ | - 1⅞ |
| Gen. Electric | 1,890,200 | 53¼ | - 2⅜ |
| USF & G | 1,651,400 | 8 | + ⅛ |
| Citicorp | 1,473,600 | 12¾ | - ¾ |
| Philip Morris | 1,385,000 | 48⅝ | - ⅛ |
| Lilly (Eli) | 1,378,400 | 66⅛ | - 2¼ |
| Gen. Motors | 1,287,600 | 38⅛ | - ⅝ |

### TRADING ACTIVITY

| † Volume Millions | Nov. 20 | Nov. 19 | Nov. 16 |
|---|---|---|---|
| New York | 161.170 | 140.950 | 166.804 |
| Amex | 10.455 | 8.841 | 9.144 |
| NASDAQ | 126.683 | 108.265 | 131.971 |
| Issues Traded | 1,997 | 1,991 | 1,991 |
| Rises | 508 | 896 | 775 |
| Falls | 1,028 | 615 | 699 |
| Unchanged | 461 | 480 | 517 |
| New Highs | 7 | 8 | 13 |
| New Lows | 53 | 44 | 32 |

### CANADA

| TORONTO | Nov. 20 | Nov. 19 | Nov. 16 | Nov. 15 | 1990 HIGH | 1990 LOW |
|---|---|---|---|---|---|---|
| Metals & Minerals | 2561.76 | 2571.69 | 2549.00 | 2541.13 | 3453.05 (4/1) | 2486.60 (8/11) |
| Composite | 3107.20 | 3132.99 | 3128.51 | 3114.51 | 4009.47 (3/1) | 3009.91 (16/10) |
| MONTREAL Portfolio | 1666.10 | 1677.48 | 1676.30 | 1664.92 | 2060.90 (3/1) | 1607.24 (16/10) |

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

### TOKYO - Most Active Stocks

Wednesday 21 November 1990

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Honshu Paper | 7.3m | 2,280 | -200 |
| Kyosan Elec | 6.6m | 1,570 | +30 |
| Nippon Steel | 6.1m | 396 | -5 |
| Hitachi | 5.9m | 1,060 | -30 |
| Kobe Steel | 4.3m | 455 | -20 |
| M'bishi Heavy | 3.8m | 648 | -5 |
| NKK | 3.5m | 365 | -15 |
| K'wa Iron Wks | 3.3m | 1,140 | +60 |
| K'saki Steel | 3.2m | 382 | -5 |
| I'jima-Hima | 3.1m | 621 | -27 |

*3pm prices November 21*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | 12 Month Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| | | - A - A - A - | | | | | | | | |
| 37½ | 9½ | AAR | .48 | 4.0 | 7 | 899 | 12 | 11½ | 11⅞ | + ⅛ |
| 9¼ | 7¼ | ACM n | 1.01 | 12. | | 123 | 8⅝ | 8½ | 8⅝ | + ¼ |
| 11½ | 8¼ | ACMIn | 1.26 | 13 | | 1860 | 10 | 9¾ | 9⅞ | |
| 8⅜ | 6½ | ACM M | n1.01 | 13. | | 436 | 7½ | 7⅜ | 7½ | + ⅛ |
| 12½ | 10 | ACMMM | 1.50 | 13 | | 383 | 11⅝ | 11½ | 11⅝ | |
| 11½ | 8⅝ | ACM Sc | 1.26 | 13. | | 1402 | 9⅞ | 9⅝ | 9⅝ | |
| 9½ | 7½ | ACMSp | 1.01 | 12. | | 488 | 8⅜ | 8¼ | 8¼ | |
| 24½ | 15⅝ | AL Lab | .16 | .7 | 19 | 288 | 23½ | 21¾ | 23 | + 1¼ |
| 5½ | 1 | AM Intl | | | | 451 | 1⅜ | 1¼ | 1¼ | - ⅛ |
| 20¾ | 4⅜ | AM In pf | 2 | 31 | | 40 | 6⅜ | 6¼ | 6⅜ | - ⅛ |
| 70¼ | 39⅝ | AMR | | | 14 | 1385 | 47½ | 46⅝ | 46⅞ | - ½ |
| 4 | 1⅜ | ARX | | | | 73 | 1⅝ | 1½ | 1⅝ | |
| 72¼ | 38¼ | ASA | 3 | 7.4 | | 819 | 40⅞ | 40 | 40⅜ | + ⅛ |
| 9½ | 3¼ | ATTC wt | | | | 109 | 3⅜ | 3¼ | 3¼ | + ⅛ |
| 45½ | 31¼ | AbtLab s | .84 | 2.0 | 20 | 3095 | 42⅛ | 41⅝ | 41⅞ | + ⅛ |
| 14 | 10⅞ | Abitibi g | .50 | | | 4 | 11⅛ | 11⅛ | 11⅛ | |
| 11½ | 4⅝ | AcmeC | .40 | 7.8 | 12 | 47 | 5⅛ | 5⅛ | 5⅛ | |
| 9½ | 5 | AcmeS | .32 | 5.6 | 9 | 4 | 5½ | 5½ | 5½ | |
| 32¾ | 18⅞ | Acuson s | | | 16 | 1150 | 23 | 22⅝ | 22¾ | |
| 16½ | 13¼ | AdaEx | 1.72e | 12 | | 30 | 14⅝ | 14½ | 14½ | |
| 15⅜ | 10¼ | Adobe | | | | 10 | 10⅞ | 10⅞ | 10⅞ | - ⅛ |
| 23¼ | 16 | Adob pf | 1.84 | 11. | | 455 | 17 | 16½ | 17 | + ⅛ |
| 11½ | 3⅞ | AMD | | | | 1498 | 4¼ | 4 | 4⅛ | |
| 22⅞ | 13 | AMD pf | 3 | 19 | | 193 | 15⅝ | 15½ | 15½ | |
| 3¼ | 1⅜ | Advest | .16 | 7.1 | | 100 | 2⅜ | 2¼ | 2¼ | - ⅛ |
| 62 | 29 | AetnLf | 2.76 | 7.7 | 6 | 4105 | 36⅞ | 35¾ | 35⅞ | - 1⅛ |
| 12½ | 8¼ | AhPb | .24 | 3.5 | | 364 | 7 | 6⅞ | 6⅞ | - ⅛ |
| 22½ | 10⅝ | Ahmans | .88 | 7.0 | 5 | 3484 | 12⅞ | 11¾ | 12⅝ | - ¼ |
| 13½ | 13 | Ahmn wi | | | | 2 | 12¾ | d12¾ | 12¾ | - ⅛ |
| [illegible] | | | | | | | | | | |

Continued on Page 43

# NYSE COMPOSITE PRICES

Continued from previous Page

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 51¼ | 29⅝ | Zurnin | .88 | 2.8 | 15 | 262 | 33½ | 32⅝ | 33½ | |
| 12⅝ | 10¼ | Zweig | 1.18e | 11. | | 245 | 10⅞ | 10¾ | 10⅞ | |
| 10 | 7⅞ | ZweigTl | .84 | 9.6 | | 1165 | 8¾ | 8⅝ | 8¾ | |

Sales figures are unofficial Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield z-sales in full.

# AMEX COMPOSITE PRICES

3pm prices November 21

| Stock | Div. | P/E | Sls 100s | High | Low | Close | Chng |
|---|---|---|---|---|---|---|---|
| PlyGem | .12 | 10 | 109 | 6⅛ | 5¾ | 6 | − ⅛ |
| Presd A | 10 | | 5 | 6 | 6 | 6 | |
| ProCom | | | 1001 | ½ | ⅜ | ⅜ | − ⅛ |
| ProMed | .46 | 8 | 52 | 4½ | 4½ | 4½ | |
| ProfCre | | | 56 | 5¼ | 5¼ | 5¼ | |
| − R − R − | | | | | | | |
| Ragan | .12 | | 6 | 22½ | 22½ | 22½ | + ¼ |
| Riedel | | | 15 | 8 | 8 | 8 | + ⅛ |
| Rogers | 12 | | 6 | 16½ | 16¼ | 16¼ | − ⅛ |

# NASDAQ NATIONAL MARKET

3pm prices November 21

FINANCIAL TIMES

Thursday November 22 1990

AMERICA

# Rise in jobless trims share prices

## Wall Street

AN UNEXPECTEDLY sharp rise in new jobless figures, higher crude oil prices, and an unwillingness to stay long of stock before what was likely to be an extended Thanksgiving weekend pushed share prices lower yesterday morning, *writes Patrick Harverson in New York.*

At 2pm the Dow Jones Industrial Average was down 5.45 at 2,524.75. The broader Standard & Poors 500 index had fallen 2.77 to 312.54 by 1pm, while over the counter stocks were also generally lower, with the American Stock Exchange Composite index down 1.84 at 294.17.

The rise in oil prices, with a barrel of January crude up $1.24 at $30.15 by 1pm, depressed sentiment and underlined feelings that a peaceful resolution of the Gulf crisis is still a long way off.

The jobless figures, showing thatthe number of unemployed claiming state benefits rose 39,000 to 488,000 in the week-ended November 10 (compared to a rise of only 6,000 in the previous week) surprised the market. It was the largest figure for one week since May 1983, and provided yet more evidence of the extent of the economic slowdown.

The employment figures revealed that one of the hardest hit sectors has been the motor industry. The fall in demand for cars has led to a series of job losses in the industry.

Yesterday Chrysler announced that it will lay off 4,700 workers temporarily and cease production at its jeep plant in Toledo, Ohio, on Monday for one week. Chrysler blamed the decision on slow jeep sales, and its shares slipped $⅛ to $11⅛ on the news.

Other automobile producers were also down with the wider market trend, Ford easing $¼ to $26⅝ and General Motors shedding $1 at $37⅛.

Boeing bounced back from Tuesday's losses – when the stock dropped sharply on a broker's downgrade – to rally strongly, rising $1¼ to $43½. The stock was again the day's most actively traded issue, with turnover reaching 1½m shares by 1pm.

Boeing's recovery did not spread to other aviation stocks, with United Technologies $⅝ lower at $44, Lockheed $½ lower at $29¼ and McDonnell Douglas $⅝ lower at $49¼.

MCI Communications continued to recover ground lost last week on news of restructuring plans and redundancies. MCI added $⅝ at $19⅝ on exceptionally high volume of over 5m shares.

Aldus, the Seattle-based computer software group, fell $1 to $24¼ in the wake of negative comments from a sector analyst, who highlighted reports of softening domestic demand for the company's products.

Trading was active in Aldus stock, with approaching ½m shares turned over in the morning, well up on the daily average of ¼m shares.

Concern about the electronics sector spread to other stocks. Apple Computers, one of the clients for whom Aldus develops and markets software products, fell $¼ to $35¼ on good turnover.

The stock declined in spite of reports of strong demand for Apple's new personal computer range. Other losses were seen in Microsoft, down $1 to $67¼, Borland, down $⅞ to $25 and Wordstar, down $⅛ to $1⅛.

The commercial banking group, Fleet Norstar, fell $⅛ to $10 after cutting its quarterly dividend from 35 cents to 20 cents. The group said that uncertain prospects for the financial services industry were to blame for the cut.

Trading was halted in Georgia-Pacific with the price at $34½, down $⅞ from the opening, on reports that the employees of the paper manufacturer were considering a buyout of the company.

Eagle Food Centers jumped $¾ to $6 on the news that the company plans to buy back up to $10m of its 11½m common shares.

## Canada

SHARP losses in gold shares and weakness on Wall Street sent Toronto stocks tumbling in midday trade.

The composite index lost 14.6 to 3,092.6 on volume of 11.55m shares. Declines led advances by 230 to 162.

Among gold shares, Echo Bay tumbled C$1¼ to C$9¾, Teck class B fell C$½ to C$20½, Placer Dome slipped C$⅜ to C$16⅛ and American Barrick fell C$⅞ to C$20¾.

Dofasco lost C$⅛ to C$16⅞ and Algoma Steel was unchanged at C$8½. Algoma said on Tuesday that it had issued, and sold C$122m of debentures to Dofasco, its parent company.

# Oil fears speed up carmakers' fall

**Antonia Sharpe** examines the sector's underperformance in Europe

THE PACE of decline in European carmakers' shares has quickened since the Iraqi invasion of Kuwait on August 2, on fears of recession, and that a higher oil price would increase pressure on already vulnerable profit margins.

It has been a depressing year. Most carmakers began underperforming their local markets early in 1990, on expectations that a slowdown in new car sales was inevitable after five years of growth.

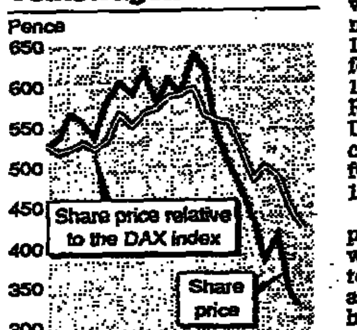
Among the volume car producers, Volkswagen's share price has dropped by 38.7 per cent in absolute terms since August 2 and has underperformed the DAX index by 22 per cent. It is only thanks to its rise until July that its underperformance since January has been a smaller 18 per cent.

A similar fate has befallen Fiat and Peugeot, both of which have announced significant cuts in output in recent months. By the end of July, Fiat's share price had fallen to just under L9,000 from over L11,000 at the start of the year. It is now trading below L5,500. Peugeot came off its year's high of about FFr920, reached in April, to just above FFr600 at the end of July. It has now fallen to about FFr500.

Uncertainty about what will happen in the Gulf and to oil prices, if there is a war, has led to a sharp fall-off in orders for new cars. Industry data released early this week show

**Volkswagen**

Pence



Source: Datastream

that West European new car sales fell by 1.1 per cent in the first 10 months of the year, to 11.5m units; but in the August to October period, sales slipped by 3.4 per cent.

History shows what spiralling oil prices can do to the industry. European new car sales fell by 13 per cent in 1974, after the price of crude shot up during the Yom Kippur war in 1973; and they dropped by 6 cent in 1980, following the outbreak of the Iran-Iraq war.

If the price of oil were to stabilise in the range of $30 to $35 a barrel, says Mr John Longhurst of James Capel, he would expect the European car market to fall by 4 per cent in 1991 to 12.75m units, after a forecast drop of 1.6 per cent to 13.3m this year. Mr Stephen Reitman at UBS Phillips & Drew forecasts a fall of 3 per cent in 1990 to 13.1m, and a further drop of 4 per cent to 12.6m next year.

"From a strategic standpoint, it is too soon to go overweight on the automotive sector," says Mr Longhurst. He adds that, while the oil price has come down recently, it will go up again if war breaks out in the Middle East.

Mr Reitman points out that while the share prices of European car manufacturers have been falling heavily, their price/earnings ratios are staying relatively constant as analysts revise their earnings forecasts downwards. As a result, he fears that further downside is possible.

To take an example, VW hit its peak of the year of DM[illegible] in July after some analysts got carried away about the potential of eastern Europe as a new market place, and the benefits of VW's own cost-cutting plans.

One influential London securities house issued an earnings per share forecast of DM70 in 1990 earlier in the year, putting the stock on a rating of 9.3. But since then the share has fallen to DM352.50, and the market now expects earnings only of about DM45 a share, giving a p/e of 7.8. "Investor sentiment is still negative, especially after VW cracked," Mr Reitman says.

TO add to the gloom, the dollar's weakness this year is expected to have a damaging effect on the forthcoming profits of European car companies.

Most analysts agree that, until the situation in the Gulf becomes clear, investors will continue to shun the sector. Furthermore, general agreement that new car sales will not recover until 1992 indicates that the sector is likely to continue to underperform until at least the second half of 1991.

ASIA PACIFIC

# Wariness over the Gulf undermines Nikkei again

## Tokyo

IN SPITE of a strong yen and rising bond prices, equities fell again yesterday. Uncertainty over the Gulf crisis kept investors out, leaving dealers and small-lot individuals alone in a thin market, *writes Emiko Terazono in Tokyo.*

The Nikkei average opened at 23,158.17, the day's high, and slipped on small-lot selling after the overnight fall on Wall Street. Even buying by investment funds towards the end of the day could not push the Nikkei up, and it closed down 388.49 at 22,816.99. The day's low was 22,615.26.

Turnover remained low with volume only 50m shares higher at 260m, and many investors were apparently reluctant to enter the market before the three-day weekend. The market will be closed on Friday.

Losers outnumbered gainers by 869 to 121, with 87 unchanged. The Topix index of all first section stocks shed 31.26 to 1,688.53. In London, the ISE Nikkei 50 index rose 2.51 to 1,270.57.

Investors were still concerned about the imminent expiry of margin contracts from heavy trading in May and June. Mr Masami Okuma at UBS Phillips & Drew said that the market was wary of stocks that had been bought on margin during that period, in particular heavy industry issues and the steels.

"Investors who are selling now are probably those who want to stop further losses of large-capital and major electricals issues bought during June and July," he said. Mitsui Zosen, Mitsubishi Heavy Industries, and NKK, the steel maker and shipbuilder, were heavily bought on margin at the end of May. Nippon Telegraph and Telephone (NTT) closed down Y64,000 at Y946,000, following a report that the government will sell 5m NTT shares in the next seven years.

Hitachi Chemical, a stock that gained sharply on Tuesday on news that it had developed a new anti-cancer drug, fell Y60 to Y1,650. Small sellers in low-volume trade depressed the stock.

Speculative issues were actively traded, as Honshu Paper, the most heavily traded stock for the day, ended at Y2,280 down Y200. The issue fell Y310 on Tuesday, on worries that it had attracted a high level of outstanding long margin positions. Rumours of the death of the president of a company that had speculatively bought the stock added momentum to the slide.

Kyosan Electric, also a favourite among speculative investors, gained Y30 to Y1,570, rebounding after three successive days of falls. The issue has been attracting buyers, in spite of its perceived high price, on news of the development of a new railway signal system.

Some non-bank financial institutions were higher on hopes of lower interest rates, following the renewed strength of the yen and higher bond prices. Nippon Shinpan was Y42 higher at Y770, and Hitachi Credit added Y40 to Y1,310.

In Osaka, Nintendo declined Y800 to Y23,500. The stock was a Y500 loser on Tuesday in spite of healthy half-year results. The OSE average closed at 26,205.63, down 607.21, on volume of 46.9m shares, down from 70.2m.

## Roundup

WEAKER showings in New York and Tokyo were largely ignored on the Pacific Rim yesterday.

AUSTRALIA rose for the third day in a row, encouraged by Tuesday's announcement of a further cut in personal taxes to replace a scheduled wage rise. The move was seen as heralding lower inflation and an easing in monetary policy.

The All Ordinaries index ended 8.6 higher at 1,374.1. Turnover rose to A$263m from A$181m. CSR, a sugar and building products concern, rose 7 cents to A$4.92 on turnover of 15m shares. Brokers said the large turnover was part of the sale, which began on Tuesday, of around 71m CSR shares by New Zealand's Fletcher Challenge.

NEW ZEALAND firmed as strong Australian debt and equity markets underpinned dual-listed stocks. The Barclays index rose 9.92 to 1,308.61. Volume rose to NZ$7.2m from NZ$5.5m. Fletcher Challenge gained 8 cents to NZ$3.35 after saying that it had sold its 9.7 per cent stake in Australia's CSR for around A$340m and would use the proceeds to repay debt.

MANILA saw both profit-taking, in Philippine National Bank and Philippine Long Distance Telephone Co, and speculative buying in the oil sector. The composite index fell 13.41 to 663.89 on volume of 104.56m pesos after 116.9m pesos.

TAIWAN was cheered by the release of some favourable economic data, including a rise in export orders. The weighted index, which has risen 13.1 per cent since Friday, ended 71.74 higher at 4,349.69. Volume rose to NT$71.38bn from NT$69.79bn.

SINGAPORE was steady in quiet trade. The Straits Times industrial index was unchanged at 1,126.98. Turnover eased to S$63.49m from S$85.62m.

KUALA LUMPUR had its slowest day of the year as volume dropped to 15.8m shares from 20.7m shares. The composite index fell 1.98 to 475.71.

SEOUL fell for the seventh consecutive session, though prices came off the day's lows thanks to support from the stock market stabilisation fund. The composite index closed at 671.70, down 2.55, on a slow volume of Won125.9bn.

HONG KONG recouped about half of the day's sharp losses on bargain-hunting in the afternoon. The Hang Seng index ended 18.26 lower at 3,013.66. Turnover stood at HK$758m after HK$828m.

BANGKOK retreated for the second day on uncertainty arising from a delay by Prime Minister Chatichai Choonhavan in reshuffling his cabinet. The SET index fell 8.86 to 643.86.

BOMBAY fell broadly on doubts about the capabilities of the new prime minister, Mr Chandra Shekhar, and his cabinet. The BSE index fell 55.55 or 4.21 per cent, to 1,265.19.

EUROPE

# Corporate activity enlivens some bourses

SPECIAL FEATURES breathed life into several bourses yesterday, in spite of the absence of Frankfurt for the national day of prayer and repentance.

AMSTERDAM was enlivened by a batch of corporate news announcements from the insurance and publishing sectors. The CBS Tendency index closed steady at 97.6.

Elsevier, the publishing group, fell 50 cents to Fl 78 after announcing that it had sold its remaining 28 per cent stake in fellow publisher Wolters Kluwer to Goldman Sachs. Elsevier was said to have sold its stake in Wolters Kluwer at Fl 46 a share to Goldman Sachs, which then placed them at Fl 48. Wolters Kluwer lost Fl 3.10 to Fl 48.40.

Mr Jeremy Goodman at Carnegie International said the sale of the stake would enhance Elsevier's earnings next year by 17 per cent to Fl 6.05 a share thanks to the improved interest income.

Nationale-Nederlanden, the insurer, was suspended at Fl 49.80, down Fl 1.10, before reporting that net profits in the third quarter rose 3 per cent, but declined over the first nine months. Analysts said the results were in line with expectations and added that there had been a better-than-expected performance from the non-life side.

But they added that the stock would remain vulnerable until the planned merger with NMB Postbank went through.

ZURICH deliberated over some forecasts from Nestlé, and was excited by prospects for the blood products company, Immuno International, before the Crédit Suisse index closed 0.8 lower at 467.6.

Nestlé indicated a profit decline for 1990, due to the strong Swiss franc and the Gulf crisis, of something less than the 5 per cent sustained at the half-way stage, compared with some analysts' forecasts of a 10 per cent drop. Its bearer shares still eased SFr30 to SFr7,460.

Immuno jumped by SFr440, or nearly 13 per cent to SFr3,890 after the US Food and Drug Administration approved human clinical trials for a potential AIDS vaccine with which it is involved. UK pharmaceuticals analysts noted that speculation on the vaccine, and disappointment with the company's 1989 profits, had moved Immuno shares within a range of SFr5,725, and SFr2,450 this year.

**HAVAS, the French media group, and Eurocom, its advertising subsidiary, were among the biggest fallers in the Paris market yesterday with falls of more than 5 per cent, writes George Graham in Paris.**

**The two companies suffered on fears for the sector sparked off by the difficulties of WPP, the UK advertising group, which saw its shares more than halved in value on Tuesday after it issued a warning about its profits outlook. Havas, which yesterday fell FFr28.80 or 5.7 per cent to FFr481.20 in active trading of 376,251 shares, rejected the comparison with WPP. It said it was maintaining its 1990 profits forecast.**

**The French group also noted that it had net cash of FFr3bn; WPP's main problem is the £315m debt mountain it amassed during a acquisition spree in the late 1980s.**

**British fund managers, nevertheless, led the selling yesterday. Eurocom fell FFr38 or 5.5 per cent to FFr650, on 6,800 shares.**

PARIS closed in the middle of the day's range, with the CAC 40 index down 6.18 at 1,626.97. Turnover was moderate, standing at FFr1.7bn before any after-hours trades, amid talk that cash-rich insurance companies needed to invest before the year-end.

The worries over WPP in the UK affected not only Havas, but also other media stocks, with Hachette losing FFr4.70 to FFr143.80.

Elsewhere, Bouygues, the construction group, gained FFr18.50 to FFr414 after a positive brokers' report in Paris, but Dassault Electronique dropped FFr13.30 to FFr141.50 on reports of a downgrading.

STOCKHOLM fell for the third day in succession, closing at a low for the year with the Affärsvärlden General index down 11.5, or 1.3 per cent, at 843.1. Turnover eased from SKr150m to SKr148m.

Dealers said that investors were reluctant to sell at present price levels. Among the most active stocks, Astra free Bs fell SKr5 to SKr505 and Ericsson free Bs lost SKr3 to SKr202.

OSLO fell sharply to a further 1990 low, depressed by the Gulf crisis and high domestic interest rates. The all-share index lost 11.24 to 448.75 on turnover of NKr435.9m.

MADRID was subdued, with the general index closing 0.57 down at 231.91, recovering slightly from the end of the morning session. Turnover rose from Pta6.9m to Pta7.3m. Among the winners, La Seda de Barcelona added Pta15 to Pta300, while losers included Tubacex, down Pta28 at Pta450.

MILAN was expected to reopen today after the traders' committee recommended the suspension of the strike until November 30.

## SOUTH AFRICA

JOHANNESBURG gave up some of its gains, with gold shares leading the retreat, on renewed strength in the financial rand. The all-gold index fell 31 to 1,243 and the all-share index shed 19 to 2,590. Vaal Reefs lost R8 to R218.

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS | TUESDAY NOVEMBER 20 1990 | | | | | | | | MONDAY NOVEMBER 19 1990 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Figures in parentheses show number of lines of stock | US Dollar Index | Day's Change % | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 1990 High | 1990 Low | Year ago (approx) |
| Australia (76) | 125.67 | +2.4 | 94.58 | 102.40 | 96.51 | 108.33 | +1.3 | 7.32 | 122.74 | 92.35 | 100.09 | 94.06 | 106.99 | 158.31 | 118.98 | 145.83 |
| Austria (19) | 199.48 | −1.5 | 150.12 | 162.54 | 153.18 | 153.08 | −0.9 | 1.78 | 202.60 | 152.43 | 165.21 | 155.26 | 154.50 | 285.63 | 178.57 | 144.68 |
| Belgium (61) | 139.89 | +0.8 | 105.28 | 113.97 | 107.42 | 105.22 | +1.3 | 5.51 | 138.74 | 104.39 | 113.13 | 106.32 | 103.84 | 160.02 | 126.67 | 144.80 |
| Canada (120) | 124.85 | −0.4 | 93.96 | 101.72 | 95.87 | 104.83 | −0.6 | 3.83 | 125.34 | 94.30 | 102.20 | 96.04 | 105.51 | 153.61 | 121.24 | 148.58 |
| Denmark (33) | 253.48 | −1.0 | 190.76 | 206.54 | 194.64 | 195.30 | −0.9 | 1.52 | 256.10 | 192.69 | 208.84 | 196.26 | 196.98 | 277.62 | 234.05 | 228.43 |
| Finland (25) | 104.92 | −0.8 | 78.96 | 85.49 | 80.57 | 78.18 | −0.3 | 3.90 | 105.75 | 79.57 | 86.24 | 81.04 | 78.38 | 152.29 | 98.91 | 119.29 |
| France (122) | 140.83 | −0.4 | 105.99 | 114.74 | 108.13 | 110.07 | −0.2 | 3.76 | 141.39 | 106.38 | 115.28 | 108.34 | 110.34 | 168.85 | 124.98 | 133.77 |
| Germany (91) | 119.10 | −0.3 | 89.63 | 97.06 | 91.46 | 91.46 | −0.1 | 2.49 | 119.44 | 89.87 | 97.41 | 91.53 | 91.53 | 144.63 | 101.38 | 99.22 |
| Hong Kong (48) | 123.68 | −0.1 | 93.08 | 100.77 | 94.98 | 123.67 | −0.1 | 5.35 | 123.78 | 93.13 | 100.93 | 94.86 | 123.84 | 147.49 | 112.24 | 119.29 |
| Ireland (17) | 155.20 | +1.4 | 116.80 | 126.46 | 119.18 | 120.66 | +2.1 | 4.33 | 153.02 | 115.13 | 124.77 | 117.26 | 118.21 | 198.57 | 139.04 | 160.63 |
| Italy (91) | 79.62 | +0.0 | 59.92 | 64.87 | 61.14 | 66.06 | +0.0 | 3.72 | 79.66 | 59.93 | 64.95 | 61.04 | 66.06 | 109.26 | 79.41 | 90.38 |
| Japan (454) | 126.76 | −1.1 | 95.40 | 103.28 | 97.35 | 103.28 | −1.2 | 0.83 | 128.19 | 96.45 | 104.53 | 98.25 | 104.53 | 197.26 | 106.58 | 186.90 |
| Malaysia (35) | 196.51 | +0.5 | 147.89 | 160.11 | 150.90 | 203.51 | +0.4 | 3.08 | 195.59 | 147.16 | 159.48 | 149.88 | 202.79 | 250.89 | 182.96 | 197.73 |
| Mexico (12) | 556.71 | +0.7 | 418.97 | 453.60 | 427.49 | 1789.50 | +0.7 | 0.38 | 552.94 | 416.02 | 450.88 | 423.73 | 1777.39 | 561.41 | 324.53 | 285.43 |
| Netherland (41) | 135.19 | +0.7 | 101.74 | 110.15 | 103.81 | 102.74 | +0.9 | 5.23 | 134.19 | 100.96 | 109.42 | 102.84 | 101.82 | 149.03 | 127.56 | 125.95 |
| New Zealand (16) | 49.61 | +1.6 | 37.33 | 40.42 | 38.09 | 42.95 | +1.0 | 7.82 | 48.81 | 36.72 | 39.80 | 37.41 | 42.51 | 75.36 | 47.90 | 75.33 |
| Norway (27) | 214.22 | −0.3 | 161.21 | 174.55 | 164.50 | 168.35 | +0.2 | 1.84 | 214.80 | 161.61 | 175.16 | 164.61 | 168.08 | 276.79 | 202.34 | 170.44 |
| Singapore (25) | 156.22 | +0.0 | 117.57 | 127.29 | 119.96 | 123.00 | +0.0 | 3.59 | 156.16 | 117.49 | 127.34 | 119.67 | 122.95 | 209.24 | 147.24 | 159.11 |
| South Africa (60) | 170.70 | +0.4 | 128.46 | 139.08 | 131.07 | 131.84 | +0.6 | 4.14 | 169.94 | 127.86 | 138.57 | 130.23 | 131.04 | 251.39 | 161.50 | 168.21 |
| Spain (42) | 149.06 | −1.0 | 112.18 | 121.46 | 114.48 | 105.87 | −0.6 | 5.25 | 150.52 | 113.25 | 122.75 | 115.35 | 106.51 | 182.25 | 128.54 | 154.07 |
| Sweden (27) | 163.85 | −1.5 | 123.31 | 133.51 | 125.82 | 134.44 | −1.3 | 3.02 | 166.32 | 125.14 | 135.63 | 127.46 | 136.22 | 234.93 | 158.07 | 164.58 |
| Switzerland (68) | 91.96 | −0.7 | 69.21 | 74.93 | 70.62 | 71.09 | −0.6 | 3.01 | 92.63 | 69.70 | 75.54 | 71.00 | 71.50 | 109.77 | 85.00 | 86.62 |
| United Kingdom (298) | 166.60 | +0.9 | 125.38 | 135.73 | 127.92 | 125.38 | +0.9 | 5.53 | 165.17 | 124.27 | 134.67 | 126.56 | 124.27 | 176.18 | 139.87 | 139.89 |
| USA (533) | 127.28 | −1.2 | 95.79 | 103.72 | 97.75 | 127.28 | −1.2 | 3.88 | 128.84 | 96.94 | 105.06 | 98.74 | 128.84 | 148.95 | 119.06 | 137.93 |
| Europe (962) | 138.68 | +0.2 | 104.35 | 112.98 | 106.48 | 105.65 | +0.3 | 4.39 | 138.37 | 104.10 | 112.83 | 106.04 | 105.29 | 157.65 | 124.91 | 124.35 |
| Nordic (112) | 177.18 | −1.1 | 133.33 | 144.35 | 136.04 | 135.22 | −0.9 | 2.24 | 179.13 | 134.77 | 146.06 | 137.27 | 136.41 | 223.29 | 172.38 | 167.19 |
| Pacific Basin (654) | 126.30 | −0.9 | 95.05 | 102.91 | 96.99 | 103.81 | −1.1 | 1.23 | 127.50 | 95.93 | 103.97 | 97.71 | 104.91 | 192.75 | 107.82 | 182.63 |
| Euro – Pacific (1616) | 131.68 | −0.4 | 99.10 | 107.29 | 101.11 | 105.37 | −0.5 | 2.59 | 132.28 | 99.52 | 107.85 | 101.36 | 105.86 | 174.18 | 116.03 | 159.40 |
| North America (653) | 127.05 | −1.2 | 95.61 | 103.53 | 97.58 | 125.81 | −1.2 | 3.87 | 128.54 | 96.71 | 104.82 | 98.52 | 127.30 | 148.43 | 119.26 | 138.46 |
| Europe Ex. UK (664) | 121.28 | −0.3 | 91.27 | 98.84 | 93.15 | 93.97 | −0.1 | 3.55 | 121.60 | 91.49 | 99.18 | 93.21 | 94.03 | 145.62 | 109.94 | 113.79 |
| Pacific Ex. Japan (200) | 120.19 | +1.3 | 90.46 | 97.95 | 92.31 | 107.05 | +0.6 | 6.22 | 118.71 | 89.31 | 96.81 | 90.98 | 106.37 | 146.72 | 116.03 | 131.44 |
| World Ex. US (1808) | 132.08 | −0.4 | 99.40 | 107.63 | 101.43 | 106.05 | −0.4 | 2.64 | 132.65 | 99.81 | 108.18 | 101.66 | 106.53 | 173.77 | 117.12 | 159.18 |
| World Ex. UK (2043) | 125.75 | −0.9 | 94.64 | 102.47 | 96.58 | 111.36 | −0.9 | 2.74 | 126.89 | 95.47 | 103.48 | 97.25 | 112.38 | 162.00 | 115.37 | 151.61 |
| World Ex. So. Af. (2281) | 129.13 | −0.7 | 97.18 | 105.23 | 99.17 | 112.61 | −0.7 | 3.05 | 130.05 | 97.85 | 106.05 | 99.67 | 113.42 | 161.84 | 118.04 | 150.44 |
| World Ex. Japan (1887) | 132.03 | −0.5 | 99.36 | 107.58 | 101.40 | 117.78 | −0.5 | 4.17 | 132.67 | 99.82 | 108.19 | 101.69 | 118.33 | 151.59 | 124.31 | 133.31 |
| The World Index (2341) | 129.38 | −0.7 | 97.37 | 105.42 | 99.36 | 112.75 | −0.7 | 3.06 | 130.29 | 98.03 | 106.24 | 99.85 | 113.55 | 162.05 | 118.33 | 150.54 |

Italy: Prices were not updated 20/11. Mexican market closed November 20. Latest prices were unavailable for this edition.

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